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THE HARVESTER JUDGMENT - AN HISTORICAL ASSESSMENT

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Thesis submitted for the Degree of
Doctor of Philosophy in The
Australian National University

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This thesis is my own work for which I accept full
responsibility.

Peter Macarthy.



MAKING HAY WHILE THE "SUNSHINES."

(No sooner had the Hight Court decision in regard to the Harvester Excise Act become known than the men engaged in the industry were notified that an all-round reduction in the rates of pay would be made.—News Item.)

When the fight for Protection on Harvester was in its early stages, Hugh McKay complained that the International Harvester Trust had practically stolen his invention. Be that as it may, the Burly Braybrook Disaster has lost no time in adopting the money-harvesting methods of the worst of American Trusts. However, a cloud "much larger than a man's hand" appears on his horizon.

Sydney Worker, 9 July 1908

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SYNOPSIS AND ACKNOWLEDGMENTS

The Basic Wage is considered to be the ethical element in Australia's complex and legalistic system of wage determination; the application of the philosophy of a 'fair go' to the lowest paid adult male worker. More than any other moment in time, November 1907 is seen as the occasion when society acknowledged its obligation to guarantee the unskilled man a definite minimum standard of living. Higgins spelled out carefully yet categorically the imperative of the Living Wage; and by erecting thereon an hierarchy of 'customary' margins for skill made it 'basic' to the entire wage structure.

This thesis accepts that the personality of Higgins was important in the development of the concept and practice of the Living Wage. Yet more fundamental were the economic, social and political factors which influenced attitudes of important interest groups to problems of wage determination. The sequence of study then is to first sketch the character of Higgins in the Introduction, and turn next in the first chapter to summarise the nature of Australian economic development: from prosperity, high wages and full employment, 1860-1890, to depression, reduced wages and persistent unemployment for most of the nineties and again from 1902-1905. Money wages, effective wages, and unemployment estimates are presented to illustrate the pace and direction of change.

Chapter Two directs attention to the wage experience of unskilled wage earners. The wage indices presented suggest that in the 1900s, most of the unskilled earned substantially less than the Harvester wage of 7/- a day. Together, the continuing abundance of this grade of labour, price inflation, and the war held their average wage to approximately four fifths of this 'ideal' wage - until 1921.

Responses to changed conditions by labour, employers and government over the decades 1890-1910 are discussed in Chapters Three, Four and Five, with the intention of tracing changing attitudes to wage determining processes. Particularly stressed is the shift of power in wage bargaining against labour, both in the 1890s and 1900s, and the unions' attempts to manipulate state power in the interests of wage earners. Similarly, employers' responses to changed conditions are considered to point out resistances to the growth of quasi-legislative wage determining tribunals. In these chapters, emphasis is laid on labour and employer concern for protection - this as the main basis for interest reconciliation and ultimately for the provision of industrial tribunals.

It is further suggested that government policy mostly reflected the outcome of influences exerted by the major interest groups. The result, as shown in Chapter Five, was the imposition of the 7/- a day Living Wage for public works and the emergence of specialised institutions to guarantee 'fair and reasonable' wages in the private sector.

Chapter Six surveys attitudes to wage principles insofar as they were relevant to the growth of the Living Wage concept, whilst Chapter Seven discusses the development and importance of wages boards in Victoria and the Arbitration Court in New South Wales.

The chapter entitled 'The Harvester Judgment' describes the attitudes of labour and employers in 1907, outlines Higgins' ideas on industrial dispute settlement, and suggests the Living Wage of 7/- a day was his attempt to raise wages paid for unskilled work to pre-depression standards. Finally, chapter nine attempts to indicate some of the institutional difficulties of establishing a national minimum wage and to state the importance of Harvester in the process.

I wish to thank Professor N.G. Butlin and Dr Alan Barnard who supervised this study, and Kevin Green of the A.N.U. archives who located and made available the statistical material from which some of the wages series were constructed.

ABBREVIATIONS

The three most important sources of information used in this study were:

1. Minute books of the labour councils in Victoria and New South Wales,
2. Transcripts of proceedings of the Commonwealth Court of Conciliation and Arbitration.
3. Transcript of proceedings of the New South Wales Arbitration Court, and from 1918, the Board of Trade.

The Melbourne Trades Hall Council retained its original title throughout the period and information derived from its minute books will be referred to by the abbreviation 'T.H.C.' followed where necessary by the date of the particular meeting.

In New South Wales, the labour council's name changed three times. Originally the New South Wales Trades and Labour Council it became the Sydney District Council of the Australian Labour Federation in July 1894, the Sydney Labour Council in February 1900, and the Labour Council of New South Wales in November 1908. Throughout this thesis the reference 'T. & L.C.' will be used.

The Commonwealth Court of Conciliation and Arbitration will be referred to in the text as the 'Commonwealth Court', and for footnote purposes,

transcript material will be shown as 'Comm. Court' followed by the name and date of the case cited.

The New South Wales Arbitration Court of 1901 was replaced as the main tribunal for wage determination by industry or trade wages boards under the Industrial Disputes Act of 1908. In this and subsequent Acts the (now) appeals' court was referred to simply as the Industrial Court. To avoid confusion the original title will be used for the whole period. Footnote references will be 'N.S.W. Arb. Court' and the name of the case or inquiry. The New South Wales Board of Trade which in 1918 took over some of the Court's responsibilities will be referred to by its full title in the text and by 'N.S.W. B. of T.' in footnotes.

Other abbreviations used are:

A.L.F.	Australian Labour Federation.
A.N.L.	Australian National Library.
A.S.E. A.C. M.R.	The Amalgamated Society of Engineers, Australian Council, Monthly Reports.
A.W.U.	The Australian Workers' Union.
C.A.R.	Commonwealth Arbitration Reports.
I.A.R.	N.S.W. Industrial Arbitration Reports.
I.G.	N.S.W. Industrial Gazette.
Q.W.	The <u>Queensland Worker</u> .
S.D.T.	The <u>Sydney Daily Telegraph</u> .
S.M.H.	The <u>Sydney Morning Herald</u> .

INTRODUCTION

On the 8th of November 1907, the Commonwealth Court of Conciliation and Arbitration proclaimed that every unskilled Australian adult male worker should be paid a wage '...appropriate to the normal needs of the average employee regarded as a human being living in a civilised community'.¹ The normal needs standard was one 'sufficient to ensure the workman food, shelter, clothing, frugal comfort, provision for evil days &c.'² The Court estimated nothing less than 7s. per day would do.

Unequivocally, the new order erected human and family needs to the prime determinant for fixing wages. Other receivers of income were not ignored; but their interests were clearly subordinate to those of the most vulnerable group of wage earners - the unskilled.

The court then, stated its intention to transform society's conception of wage determination. No longer should the unskilled man's living standard be conditioned by 'economic' criteria such as supply and demand forces in the labour market; by the capacity of

¹
2 CAR 4.

²
2 CAR 5.

individual industries; or by independent decisions of particular employers. Instead, the fundamental premise was one of social welfare. Objections founded on other criteria such as an industry's impecuniosity should be not entertained. Any Australian industry unable to pay wages according to the needs principle was undeserving of human labour service and could not be tolerated in a civilised community.

Henry Bourne Higgins

In its early years the Commonwealth Court and Justice Higgins were synonymous terms. It was Higgins who enunciated the categorical imperative of an inviolable minimum living wage. What sort of man then was Justice Higgins? Why, when others similarly placed had acted with extreme caution, had religiously observed the tenets of current economic thought, should he have apparently elected to ignore them; to deliberately set himself to manipulate the powers vested in the Commonwealth Court to realize the high ambition of a national minimum wage based ostensibly on the needs principle?

Henry Bourne Higgins has been said to have combined 'courtly manners and a scholarly mind with ultra radicalism, almost priggishly lofty principles and quixotic independence'.¹ This description

1

L.F. Fitzharding, William Morris Hughes, A Political Biography, 1, The Fiery Particle, 1862-1914, Sydney 1964, p.125.

overstates some of his characteristics, and omits others perhaps those more important to understanding why Higgins acted in the way he did. His manners were indeed courtly, but he was capable of expressing opinions which bordered on rudeness. Certainly he was scholarly. Yet even in the context of late nineteenth and early twentieth century Australian politics it is an exaggeration to believe him to have been ultra-radical. High principled and independent of mind no doubt, but priggish and quixotic are descriptive terms which might be difficult to justify. More important to Higgins' behaviour was his deep humanitarianism, his singlemindedness and his almost instinctive wont to champion the less fortunate.

Signs of his concern for others are to be detected from Higgins' youth,¹ but limiting this appraisal to his adult life we may usefully recognise from parliamentary speeches, newspaper reports and entries in his memoirs his deep compassion for the under privileged. And along with this a conviction that collective action alone would provide a remedy for social ills.

In Australia, the nineties were years of deep economic depression and chronic unemployment. Wages fell sharply from their previously high level, and for

1

E.g., the solicitous care taken of his family (as disclosed by his journal written during the outward-bound journey from Liverpool.) See Higgins Papers, Manuscript Section A.N.L., Canberra.

large numbers, even some of those able to find work, suffering was acute. The functioning of Committees of Inquiry into working conditions in British coal mining and factories during the middle and late decades of the last century have their Australian counterparts in the exposés of factory inspectors and reports of the Anti-sweating League. Again, as in Britain, it appears the middle and upper classes were only dimly aware of the social deprivations experienced by sizeable sections of the lower income groups during economic depression.

Together with other liberal-minded individuals, Higgins was profoundly touched by the League's revelations and he early affirmed belief in 'a minimum wage to prevent exploitation'.¹ Capable already of composing a striking phrase he castigated those in the Victorian Legislative Council responsible for 'wrecking' the 1896 Factories and Shops Act, concluding:

...exploited women were worse off than those wearing the broad arrow of the prison...He trusted that it was a broad arrow which would wing its flight into the hearts of the Victorian people and lead to the removal of such a blot as the sweating evil from a civilised community.²

From the mid-nineties, Higgins seems to have been drawn into an emotional association with the poorer

¹ Geelong Times, 7 September 1894.

² Geelong Advertiser, 20 July 1896.

classes, and summarily rejected any political philosophy which seemed to him to leave them unprotected. He had little time for an ideology that tolerated periodic reductions in the living standard of the poorest classes. Objecting to wage reductions and dismissals of railwaymen, he believed 'the Railway Commission had no right to reduce the deficit at the expense of the poor employees'.¹ Though inchoate, Higgins' aspirations for a social arrangement guaranteeing an irreducible minimum living wage were in evidence more than a decade before he enunciated this principle in the Harvester Judgment.

Higgins' pre-occupation with the poor strongly influenced his political views. Berating Free Traders as 'the most bitter opponents of social and other legislation for the benefit of the poor [he] worked to keep in power that party which would give that which [he] regarded as the most important issue, the betterment of the conditions of the poor'.²

Described variously as left of liberalism,³ socialistic,⁴ ultra-radical,⁵ Higgins' political

¹
Vic. Parl. Deb., Vol. 80, p.5338.

²
Higgins' Papers, Series 3, p.91, 112A.

³
L.F. Crisp, The Parliamentary Government of the Commonwealth of Australia, London 1949, p.15.

⁴
C.E. Jacomb, God's Own Country, London 1914, p.90.

⁵
L.F. Fitzharding, op. cit.

convictions in fact cannot be tidily placed anywhere on the standard political spectrum. Essentially a pragmatist, he believed social relationships should be so ordered to minimise group conflict, and to exorcise poverty from Australia. If the state was the appropriate instrument for achieving these ends there should be no cavilling about its use. Too much theorising was harmful and socially stultifying. When the ill was easily diagnosed, the cure should be dictated by practical rather than theoretical considerations.

While insistent that the state must defend the weak, should provide certain basic social services, Higgins is nowhere on record as subscribing to socialism - even that of early Australian Labour Parties. In the absence of evidence to the contrary it may be reliably supposed he held no dogmatic views on how industry and commerce should be organised or on the distribution of income, so long as the poorest classes were sheltered from the rigours of economic fluctuations.

Hence, like Deakin, Higgins was prepared to lend his political weight to that political grouping interested in doing something positive about pressing social-welfare problems. Unable to accept their ideology or inflexibility of the caucus control, he yet

agreed, with Deakin's blessing,¹ to serve in the first Labour government (1904). Approval of Labour's programme of social-welfare measures prompted him wishing Chris Watson well at the 1906 election, adding: 'I have not yet voted the whole labour ticket, but this time in the interests of family life and true religion...I have voted for the labour man...' and having likened himself to a war horse 'confined to his stall when the trumpets are sounding for battle', concluded 'I shall always watch events with close interest - tho' I must keep silence in public'.²

Higgins' views and policies in the nineties point to another aspect of his character which is important to understanding his later convictions. He was a humanitarian, a pragmatist, and when necessary a collectivist: he was also a convinced Federalist.³ Imbued with the belief in government's duty to alleviate social distress it was reasonable he should be numbered among those working to enhance the power of the proposed Commonwealth government - particularly that of regulating industrial conditions. Thus it was Higgins who in the 1897 and 1898 Conventions 'sponsored the

1

H.S. Broadhead, 'Australian Federal Labour Party, 1900-1905', M.A. thesis, University of Melbourne, 1959, p.124.

2

Watson Papers A.N.L., letter dated 6 December 1906.

3

See H.B. Higgins, Essays and Addresses on the Australian Commonwealth Bill. Melbourne 1900.

case for Federal conciliation and arbitration'¹ and again it was he who moved the motion in the first Commonwealth Parliament asking States to remit power to regulate industrial conditions to the Federal authority.²

Political federation, central control of industrial affairs - the third prop was conditional tariff protection. Higgins 'was one of those who believed that if protection at the Customs House must be given to the employer, protection of a just standard of life must also be secured to the workman...'³ Two years earlier when debating the subsidy to Maffra Sugar, reports of low wages paid to the company's workers caused Higgins to join with Victorian Labour members to make the renewal of subsidy conditional on employers paying a minimum of 9d. an hour.⁴ He supported moves to have this provision extended from the factory workers to those working in the sugar fields.⁵ In 1901 he was in the forefront of the campaign to withhold subsidies to the iron industry unless a minimum (Living) wage was assured.⁶

¹ Broadhead, op. cit., p.123.

² Comm. Parl. Deb., 1901-2, Vol. II, p.1822 et seq.

³ Tocsin, 8 November 1900.

⁴ Infra, pp.258-60.

⁵ Vict. Parl. Deb., Vol. 89 (1898), p.1376.

⁶ Infra, pp.263-4; see also Worker, 28 June 1902.

Higgins and the Unions

Higgins' championing the cause of labour was not unappreciated by the unions. Regretting the loss of his seat in the Victorian Parliament in 1900 he was commended for his 'steadfast adherence to fixed and Liberal principles' and it was trusted '...in the Federal House he would continue the valuable service in the cause of reform that [had] marked [his] conduct in the State Parliament'.¹ A long flattering letter from the Melbourne T.H.C. recalled Higgins' 'willingness to sacrifice personal (monetary) gain in pursuit of personal conviction' and hoped '...that in your profession...as well as in Politics you may have much success to attempt to put into practice the principles you have so often contended for'.²

In the early years of the new century Higgins appeared as an advocate for Victorian trade unions and in 1905 was accorded a vote of thanks by the T.H.C. for waiving 'the balance of [his] expenses in connection with the appeal case in the Fertiliser and Artificial Manure case'.³ Appreciated also were his sustained efforts to improve higher education facilities for 'the

1

Tocsin, 8 November 1900. For an earlier appreciation, see Tocsin, 9 June 1898.

2

Higgins' Papers, ref. 1057/43.

3

T.H.C., 10 November 1905.

masses'¹ and for his life long association with and financial support of the W.E.A.²

From Harvester onwards, Higgins' esteem with most unionists rose almost uninterruptedly until his retirement in 1921. For a while at least his declarations came to assume the proportions of 'an absolutely new charter of rights for the toilers of Australia'.³ His decisions couched in terms of a social philosophy so different from that of his fellow judges in State tribunals, drew eulogistic comment from the unions.⁴ At the eve of the outbreak of war unionists called for more judges 'of the calibre of Mr Justice Higgins...whose judgements [were] guided by a sympathetic insight into the nature of the great industrial problems that is causing the world...to seeth with unrest'.⁵

That Higgins retained the high respect of labour throughout his period of office there can be little

¹ Tocsin, 2 May 1901, reporting Higgins' efforts to persuade Melbourne University to introduce extra-mural courses suitable for the working class.

² Higgins' Papers, 1057/525, 1057/739, Geelong Times, 6 April 1892. Higgins gave all the proceeds from New Province for Law and Order to the W.E.A.

³ Worker, 13 September 1909, Report of speech made by Andrew Fisher second Labour Prime Minister of Australia.

⁴ E.g., A.S.E. A.C., M.R., October 1909, pp.4-5.

⁵ Worker, 8 January 1914.

doubt. Readily acknowledged were his efforts 'to understand the conditions of the workers...[and] to make these conditions tolerable'.¹ Shortly before his retirement he was depicted as the only justice of the High Court 'who knows something of the working class and the conditions under which they live....'² Perhaps the petition drawn up by the Melbourne T.H.C. and 'extensively signed by representatives of the Federal unions'³ best represents the reputation Higgins enjoyed: 'We the undersigned, hereby place on record our appreciation of the unwearying efforts of Mr Justice Higgins in the cause of industrial peace.'⁴

Higgins and the Employers

Noting Higgins' rising popularity with unionists it is understandable that non-labour observers came to

1

Worker, 12 June 1919.

2

Worker, 27 May 1920.

3

Age, 4 March 1921.

4

Argus, 4 March 1921. For other expression of unionists' views see Mining Standard (Melb.), 11 November 1920; Midnight Sun, 30 October 1920; Labour Call, 4 November 1920; Age, 23 November 1920; Worker, 28 October 1920, 4 November 1920; Herald (South Aust.), 18 December 1920; Bendigo Advertiser, 27 October 1920; Argus, 7 March 1921; Sydney Morning Herald, 30 October 1920; Barrier Daily Truth, 9 November 1920; Standard Brisbane, 26 October 1920; The Artisan Rockhampton, 3 November 1920; Mercury Hobart, 29 October 1920.

believe he 'was selected for the position because of his known sympathies for Labour'.¹ In fact it is conceivable that Higgins' appointment to the Commonwealth Court was an accident of history. The weight of business in the High Court 1902-1906 plus the need to release one of the three original judges for work in the Arbitration Court, required Deakin to appoint two new judges. There was no doubt that the first was reserved for Isaac. The second was less certain. Eventually Deakin wrote to Sir Samuel Wray, Chief Justice of the South Australian Supreme Court and urged him to take the vacancy.² Had Wray accepted this offer, had he taken also the presidency of the Court, and had he followed in the ways of Justice O'Connor, the course of Australian industrial relations may have taken a different direction.

Preferring pre-eminence in the South Australian judiciary, Wray declined Deakin's invitation. Higgins, 'next in line', was offered the job. He wrote:

He [Deakin] told me that if I accepted the offer I shall have to relieve O'Connor J. of the position of President of the C.C.C. & A....O'Connor wanted to be relieved of the Presidency. I said that I was willing to be appointed to the High Court, but as to the Court of Conciliation I should like a

1

'Industrial Arbitration', Paper read before the Econ. Soc. of Australia and New Zealand, N.S.W. Branch, J.E. Bishop, undated, p.5.

2

Argus, 8 October 1906.

year's interval before accepting the Presidency. I did not like to go straight from my advocacy of labour claims...into a position in which I should have to drop wholly the attitude of a partisan.¹

Demonstrated here is Higgins' current partisanship to labour, yet given new responsibility calling for altered attitudes, he set himself to correct his bias preparatory to accepting the Court.

During his fourteen years as President he never convinced employers that he had succeeded. Nor is this surprising. While State tribunals allowed the real wage content of awards for unskilled work to fall during the war years, Higgins insisted on awarding a wage roughly comparable with the Harvester Standard. Equally unsatisfying was his disinclination to deal sternly with unionists taking industrial action for wage rates higher than those the Court had awarded. Certainly up to about the end of the 1910's he was adamant that his awards were strictly the minimum employers must pay. His refusal to invoke the Court's penal powers to compel men to work for these minima estranged him from both the employers and his deputy, Justice Powers.² Despite pressures from within and without the Court Higgins would not be convinced:

1

Higgins' Papers, Series 3, Memoirs, p.123. Also Broom Papers, A.N.L., letter from Higgins 17 September 1907.

2

See long correspondence with Powers, commencing June 1916, Higgins' Papers.

...we must be chary of creating a servile state - in which men of the employed class have to take work at a fixed rate. The fear of such a position deters the British and American unionists from compulsory arbitration.¹

Alienating him most from employers however was his stream of 'caustic interpolations' both in his written judgments and during hearings of the Court.² These unpleasantries commenced with his first case. The unionists account of McKay enforcing 'freedom of contract' brought Higgins' interjection 'Like the freedom of contract between the wolf and the lamb'³ and later, 'Take the case of Esau. He is very hungry and he must get something to eat. He sells his inheritance for a mess of pottage. Would you call that a fair bargain?'⁴ In another case Higgins referred slightly to 'despotism of contract' believing the fixing of a minimum wage '...was a check on employers' despotic power'.⁵ Perhaps most cutting and for

1

Higgins' Papers undated first draft of a letter to Justice Powers probably early or mid June 1916.

2

Stead's Review, August 1921, pp.145-6.

3

'Application of H.V. McKay for an Order under the Excise Tariff Act' Transcript of Proceedings Oct./Nov. 1907, p.320.

4

Ibid., p.594.

5

Worker, 18 May 1911.

employers most infuriating was an aside in the woodworkers case in 1909.¹ The Respondent's Counsel suggested that because some employees were satisfied with existing conditions the court ought not to interfere, to which Higgins' retorted, 'I don't want to draw an offensive comparison, but I can't help remembering that the same point was made by the slave owners'.²

By 1911 the Worker could report approvingly 'Employers of labour do not like Justice Higgins... Mr Wade³ believed "Mr Justice Higgins...will not live for ever [he] is not omni-present nor is he immortal"'.⁴ Further his remarks were strongly objected to by the Victorian Employers Federation,⁵ whilst the Chamber of Manufacturers believed they were 'calculated to aggravate the prevailing industrial unrest...and had caused every employer to regard the Federal Arbitration

1

3 CAR 78.

2

Worker, 8 April 1909. In a later case Higgins, curtly dismissing employers arguments, drew a similar analogy saying 'Every starving dog is content with a bone until he has finished it'. Comm. Court, 'Federated Gas Employees Industrial Union, and Metropolitan Gas Co. & others'. (1913) Transcript, Vol. IV, p.1500.

3

Former Premier of New South Wales.

4

23 February 1911.

5

Argus, 16 May 1911.

Court with uneasiness....'¹ Later the same organisation complained 'they could not expect to get justice...in a tribunal where such a statement came from its President'.²

Possibly both employers' and unions' regard for Higgins was best summarised by a respected academic who wrote:

The stumbling-block of arbitration is the personnel of the tribunal, and the economic standpoint - vulgarly, the 'sympathies' - of the arbitrator. The learned judge...has a social and economic standpoint which approximates to that of the employee rather than to that of the employer, with the consequence that the tribunal...is rushed by the organisations of employees, his name is received with rounds of applause at Labour gatherings, while his impartiality is assailed by hostile newspapers.³

Towards the end of the war moves were made to rid employers of this embarrassment. In 1917 and 1918 there were reports of Pastoralists' pressure on W.M. Hughes 'to remove the president from the Federal Court'.⁴ In 1920 it was reported that 'capitalists

1

Ibid.

2

Ibid., cf. 13 June 1911.

3

'The Living Wage in the Australian Arbitration Court'. Professor Harrison Moore in the Journal of the Society of Comparative Legislation. New Series, Vol. XII, Part 2, 1912, p.203.

4

Worker, 31 November 1918, also 5 July 1917, 12 July 1917.

were moving heaven and earth to bring about the downfall of Mr Justice Higgins...in 1917...an open campaign of hostility was launched throughout Australia and numerous resolutions were sent from such capitalist organisations as the Employers' Federation, Farmers and Settlers Associations, Chambers of Manufacturers, and Pastoral Association demanding the Amendment of the Act and the removal of Judge Higgins from the Presidency of the Court'.¹

Higgins' refusal to lower the wage prescribed for unskilled work and his manifest partiality towards labour interests are consistent with his general views on the imperative need to protect the poorest class of wage earners, and his belief in the continuing relative weakness of employees in wage bargaining.

Affronted by the fall in money and real wages in the nineties, Higgins was the more concerned to observe the failure of wages for unskilled work to rise with the return of prosperity. Employers' disregard for moral exhortations to restore the pre-depression rate of 7/- a day convinced him of the need for society to apply corrective measures. Placed to some extent by fortune in a position of responsibility, the formative influences on him dictated he should state the case for guaranteeing a minimum living standard for all

¹

Worker, 4 November 1920, also 15 September 1921.

Australians. This was basic to his ideas of social and economic justice and he believed it should be basic to the entire system of wage determination. Being not unknowledgable of the economic implications of his judgments¹ Higgins seems to have judged the extent of recovery was enough to enable the economy to support the 7s. standard, believing employers would adjust their production processes and price levels accordingly.

Moreover, the collapse of unionism in the nineties and very slow recovery up to 1907 gave him the powerful and abiding belief that collectively, unions were the weaker party in wage determining process. His unrepentant disparagement of employers and sympathetic treatment of unionists so evident from the transcripts of Court proceedings is a measure of his conception of the excessive power wielded by employer groups. Conceivably the acts of some employers, particularly McKay's appeal to the High Court to declare the Excise Tariff Act unconstitutional, and subsequent appeals to deny the Arbitration Court power he believed essential for the peaceful and just ordering of industrial relations,² hardened Higgins' attitude to employers as a class. Their actions confirmed his conception of the

1

An appreciation by G.V. Portus. Economic Record, Vol. 5, 1929, p.137.

2

Orwell de R. Foenander, Towards Industrial Peace in Australia, Melbourne, 1937, pp.14-15 and 22-25.

positive role to be played by the Court to offset employers' superior bargaining strength.

Finally there may have been one other important reason for Higgins' sustained discourtesy to employers. He seems rarely to have missed an opportunity to identify himself personally with the 'working class'; to overcome the 'working man's' distrust of himself as someone belonging rightfully to a different and alien socio-economic class. In 1921 he wrote

It is our duty to keep a watch on ourselves, to study sympathetically the difficulties of the class to which we do not belong. I have to warn you however that if you adopt this attitude, you will incur the enmity of the extreme people of both classes and especially of the class to which you belong, but you will do what is right and let them talk as they will.¹

From this brief sketch of Higgins it may be seen that he was predisposed to make his first appearance as President the occasion for a personal declaration of faith.

November 1907

It would be reasonable to believe the Harvester Judgment would be an event of great moment for contemporary trade unionists. In 1907, the re-attainment of pre-depression wage standards was the principal objective of union wage policy. For

¹

Stead's Review, August 1921, p.142.

unskilled work, 7s. a day was considered the correct amount. Higgins' declaratory statement should have been the more impressive as, earlier in the year, in the same Court and dealing with the same issue, Justice O'Connor had given a far less satisfactory judgment.¹ Yet perhaps characteristically, unionists exhibited relatively little enthusiasm. The judgment was not discussed or even commented on at the Melbourne T.H.C. or the Sydney T. & L.C. The 1908 T.U.C. concerned itself with, seemingly, more important matters. The only public comment made by organised labour was the Worker's eulogy that Harvester '...marked the beginning of an epoch...a triumph of Equity...a great stride in a gigantic advance.'²

Doubtless the declaration of an inviolable minimum wage ostensibly calculated to meet the human and family needs met with general approval. Yet unionists were not unaccustomed to notables' declaring their allegiance to the Living Wage concept. For example, two years previously the President of the N.S.W. Court

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1 CAR 130. Exemption Certificates were also granted to manufacturers in Sydney, 1 CAR 119-21, Queensland, 1 CAR 132 and Melbourne, 1 CAR 132-3 but no specific rates were recorded. For comparison of rates awarded by O'Connor and Higgins see Table 33.

2

14 November 1907. It is understandable the A.W.U. should have shown greater enthusiasm than other trade unions. Pastoral workers were the only union to receive a substantial award from the Court and this had been highly favourable. 1 CAR 62.

had declared the self-same principle in equally ringing tones, and had undertaken its implementation in all future awards.

They had noted too how the scope of the N.S.W. Court had been severely circumscribed by the State Supreme Court and how non-Labour governments could and had reduced the effectiveness of the Victorian wages board system. Furthermore, there were signs that employers' organisations would challenge the constitutionality of both the Excise Act and the wide powers of industrial control assumed by the Court. Not surprisingly, unionists concentrated on day-to-day problems of increasing trade union strength and raising wages industry by industry by whatever means seemed most suitable.

It is also useful to bear in mind that some of Higgins' observations and stated intentions ran counter to unionists' current wages policies. Believing wage earners should be paid fair wages was, for Higgins, a vastly different thing to them claiming a fair share of profits. Hence his peremptory rejection of unionists' arguments that wages in a protected industry should be higher than those not protected. Ironically it was the action of former President O'Connor, who had ordered the manufacturers to produce their books in evidence, that met with the approval of union advocates in the Harvester hearing. Given their policy of raising wages in individual industries and respecting capacity to pay arguments, a fixed national minimum wage plus fixed

margins for skill was in many respects not such a good bargain. It was some time and a few cases later before Higgins could persuade unionists of the former criterion's greater attraction.

From the limited material available to assess labour's responses it appears that at the time, Harvester did not evoke much favourable comment. Spokesmen for other politico-economic groups, however, read more into the Judgment. Free Traders' opinion was ambivalent. Protectionists were rebuked for having allied themselves with labour in order to push through higher tariffs: 'The socialists are now exacting full payment for their bond'.¹ As if in fit of pique the Melbourne Argus applauded conditional excise duty as a 'stroke of genius' continuing, 'Mr Higgins' scale cannot be regarded as unfair or unreasonable...'² Sydney comment was similar. Rebuking manufacturers who had 'promised anything in the way of wages and prices in order to secure themselves from overseas competition', the Harvester wage scale was commended, but Unionists were warned 'the wage earner is always victimised under the old protection. He will have to fight for every penny he gets under the new protection!'³ Yet even while delivering this tirade,

¹
Argus, 11 November 1907.

²
Ibid.

³
S.D.T., 14 November 1907.

Free Traders voiced forebodings about the effect of Higgins' non-observance of the state of industry; his setting a wage standard 'non-dependent on profit level, one based solely on needs not capacity to pay'. 'In practice', it was believed, 'Commonwealth regulation of wages [was] bound to do injustice and grave injury to industry...the 7s. per day for unskilled labourers... will be used as a justification for demanding higher wages over a much wider industrial area than that to which it actually applies'.¹ Melbourne forebodings were joined by those in Sydney. 'The fear of employers now is that agitation will be started in other trades by labourers who are only receiving 6s. or 6s.6d per day to be raised to what they will probably term a legal minimum'.² Unable to resist taking part in the general condemnation, the S.M.H. upbraided manufacturers for '...their folly'.³ While choosing not to gainsay Higgins' definition of a fair and reasonable wage, editorially the Herald queried its applicability to contemporary Australian economic conditions 'there being thousands of workers whose wages do not answer to this definition'.⁴

¹ Argus, 11 November 1907.

² S.D.T., 12 November 1907.

³ S.M.H., 11 November 1907.

⁴ Ibid., also W.M. Hughes article 'The Case for Labour', S.D.T., 16 November 1907.

In general, economic comment was set in terms of a partial equilibrium analysis; assuming perfect competition and an open economy what effect would increased wage costs have on production and employment? Total production costs would rise causing a proportionate increase in product prices. Competitors, either overseas or interstate would be able to undercut Victorian prices, production would be curtailed and men lose their jobs. Shifting from conditions of perfect competition, if profits were sufficiently high the Court's standard might be reached in some industries without disastrous consequences; but where profits were small, unemployment was inevitable.¹

The first of many disparaging remarks about the Court's President was made by the Australasian Insurance and Banking Record, thus 'Mr Justice Higgins entirely ignored considerations of this kind [long run supply and demand equilibrium in the labour market, and inflation] and adopted the crude and shallow opinion of the advocates of what is called the "new protection"'.²

This rash of comment apart, contemporaries viewed the Harvester Judgment as little more than one of many similar pronouncements made on the topic of wages determination. In itself it had only a slight impact on industrial relations. Labour continued to busy

¹

S.M.H., 11 November 1907.

²

No. 11, Vol. XXXI, 20 November 1907, p.898.

itself with strengthening the unions for the purpose of collective bargaining within or without State industrial tribunals. Perhaps not until after the Whybrow case in 1909 was the Court influential in encouraging Federal unionism, and this was increasing anyway. Employers expressed the usual fears based on the wage cost/unemployment correlation or that of cost-push inflation. Perhaps the Judgment's only immediate effect was to convince employers of the need to proceed against the Excise Tariff Act. The day after the Judgment was handed down the Chamber of Manufacturers met behind closed doors to discuss its implications¹ and within a week it was reported that 'Mr McKay has appealed, and the question of the constitutionality will no doubt be thoroughly examined'.²

Harvester in Perspective

If contemporaries believed the Harvester Judgment was little more than merely another pious expression of a social ideal, subsequent commentators have seen it in a very different light. First there is a rare assortment of views of how Higgins decided on 7s. a day for the unskilled labourer. These include the wage

1

Argus, 9 November 1907.

2

S.M.H., 13 November 1907. For the timing and course of the appeal see Jessie Groom (ed.) Nation Building in Australia: The Life and Work of Sir Littleton Ernest Groom, K.C.M.G., K.C., M.A., LL.M., M.P., Sydney 1941, pp.67-71.

currently paid by 'reputable employers' (undefined),¹ that wage arrived at by attention to capacity to pay,² a blend of a number of wages ranging from 6/6d to 7/6d,³ that paid by governments and municipalities.⁴ Or that determined by the laws of supply and demand,⁵ the 'actually existing standard',⁶ that wage estimated from statements by labourers' wives showing the least

1

44 CAR 47: E.M. Burns, Wages and the State, London 1926, p.326. 'Employment Relations and the Basic Wage', Professor Brigden in Lectures and Papers published in connection with the P.H. Cobbett Foundation, 1925, p.27. 77 CAR 477 Basic Wage & Standard Hours Enquiry 1952-3.

2

H.D. Black B. Ec. 'The Problems of Wage Regulation'. Paper read to Economics Society of Aust. and New Zealand, N.S.W. Branch, 13 September 1932, p.2.

3

'Comments on the Report of the Economic Commission on the Queensland Basic Wage', Worker Report, Brisbane 1925, p.4.

4

R.J. Cameron, 'Standard Hours and the Basic Wage', M.A. thesis, University of Adelaide, 1951, p.72. J.H. Richardson, The Minimum Wage, London 1927, p.52.

5

J.T. Sutcliffe, 'Notes on Wage Fixation in Australia', Queensland Industrial Gazette, Vol. IX, 1924, p.821. F.C. Benham, 'The Theory of Wages in Relation to Some Effects of Australian Wage Regulation, London Essays in Economics in Honour of Edwin Cannan, London 1927, p.226.

6

B. Fitzpatrick, The British Empire in Australia, Melbourne 1941, p.471. J.C. Horsfall, Australia, London 1955, p.141.

amount an average family could live on.¹ In 1938 Professor Portus suggested Higgins 'had no guide but the pole star of justice'.²

Just as much speculation has been made about the impact of the decision - both conceptually and practically. From the literature there seems to be a consensus of opinion that however Higgins arrived at 7/- a day the national minimum wage dates from approximately 1907. It is allowed by some that price inflation caused the real wage to slip below the real Harvester Standard.³ But soon after the war the 7/- standard was re-established.

Higgins himself cultivated this general impression.⁴ He spoke frequently of the extent to

1

Nettie Palmer, Henry Bourne Higgins, A Memoir, London 1931, p.190. N.S.W. Year Book, 1920, p.591. Foenander... op. cit., p.70. M. Barnard, A History of Australia, Sydney, 1962, p.603. E. Shann, An Economic History of Australia, Cambridge 1930, p.377.

2

'Henry Bourne Higgins', Broadcast Address, 28 September 1958.

3

P.L. Kleinsorge, 'Public Interest in Dispute Settlement', Journal of Industrial Relations, Vol. 6, No. 2, July 1964, p.5.

4

E.g. 4 CAR 10. Comm. Court, Federated Seamen's Union of Australia and the Commonwealth Steamship Owners' Federation, (1911) Transcript, Vol. 3, p.997.

which State wage fixing tribunals had accepted his 7/- standard. By 1926 the Victorian Chambers of Manufacturers were able to state 'The Harvester Basic Wage created Australia's high Standard of Living compared with other countries'¹ and in 1931, Higgins' biographer asserted:

...the seven shillings a day, laid down by the Court as a fair and reasonable minimum wage, was afterwards accepted as a basis, and since 1907 all calculations have been based on it. This means that the general standard of living was definitely raised by 27 per cent.²

The Harvester Judgment has since passed down through Australian industrial history as the major watershed in wage determination processes. Higgins, moved by one or a combination of motives, and applying one or more of a variety of criteria, set the national minimum wage in 1907. Apart from the aberration during the war years and again in the early thirties the Harvester

1

Royal Commission on Child Endowment, 1926, p.8.

2

Palmer, op. cit., p.191, taken almost certainly from H.B. Higgins, A New Province for Law and Order, London 1922, p.97. Also Foenander, op. cit., p.71.

Standard has been taken as the starting point for all calculations of the Basic Wage.¹

This study is concerned to examine the strength of these basic assumptions so far as they relate to experience up to 1921. The intention is to discuss how, why and when the national minimum wage was developed and in so doing, to place the Harvester Judgment in a more balanced historical perspective. For the implementation of this provision cannot sensibly be attributed to the action of any one or a group of individuals; to any institution or set of institutions; to any declaration or series of stated intentions. Neither was the real wage standard eventually adopted determined by short-term criteria such as what 'reputable employers' paid. No different from other historical phenomena, the national minimum wage was the product of a long historical process. Its final achievement in 1921 resulted from a combination of economic, social and political forces that over three decades (1890-1921) moulded public opinion to accept favourably the application of an aspect of collectivist social theory which earlier was no more

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E.g., G. Greenwood (ed.), Australia, A Social and Political History, Sydney 1955, p.218. For a careful analysis of the Comm. Court's awards, from Harvester to 1953, and the importance of Higgins' declaration as a starting point from both the conceptual and practical viewpoints see R.J. Hawke, 'The Commonwealth Arbitration Court - Legal Tribunal or Economic Legislature?', University of Western Australia publication, reprint from Vol. III of University of Western Australia Annual Law Review.

than an aspiration of social reformers, and remained as such in all other countries with the possible exception of New Zealand.¹

The single most powerful influence was the fundamental changes in economic conditions. The high plateau of prosperity 1860-1890 set a wage standard superior to any other in the world and instilled in Australian wage earners the belief that any lower standard was unjust and should be resisted. Large structural changes occurring during the 1890s and 1900s had two important effects. The first was to contribute to the depth of the nineties' depression, to decimate the unions, and to lower all wages. The second was to radically alter the pattern of demand for labour and create a continuing surfeit of non tradesmen.

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From an examination of the Reports of the New Zealand Arbitration Court, it appears the Court made no attempt to fix or even define a Living Wage as such until 1916, but awarded 'fair wages' for different industries in different areas. See Reports of Labour Awards, Recommendations and Agreements, etc. made under the Industrial Conciliation and Arbitration Act of New Zealand (A.N.L.); also, N.S. Wood, 'A study of the Basic Wage in New Zealand prior to 1928', Economic Record, December 1933, Vol. IX, No. 17, pp.253-70. The United States' first Federal minimum wage provision was made under the Fair Labor Standards Act of 1938; see Fainsod, M., Gordon, L., and Palamountain, Jr., Government and the American Economy, New York 1959, p.159.

It is probable that in bad times the unskilled always suffer more than any other income group.¹ Yet economic recovery is usually associated with a fairly even renewal of demand for labour and the unskilled regain their earlier conditions along with other wage groups. In Australia during the two decades spanning the century, experience was otherwise. For when business picked up after 1896-8 and more enduringly after 1906-7, and wages for skilled and some semi-skilled recovered, those paid for unskilled work stagnated. There were too many men looking for that grade of work which required no skill.

Labour market forces holding down wages paid for unskilled work were re-inforced by the cost structure and competitive conditions in some important areas of employment. Agriculture in the nineties was joined by manufacturing in the next decade as industries absorbing an increased proportion of the workforce. Yet both were subject to price and quality competition from overseas: agriculture mostly competing to place its products on the world market at a price comparable with other primary producing countries, and manufacturing concerned always with more efficiently produced goods in the industrialised or industrialising countries. Thus, work was available, but only at the previously despised £1 a week and keep - and frequently less; or in manufacturing, rates of pay for

1

E.H. Phelps Brown, The Growth of British Industrial Relations (London 1959), pp.24-8.

considerable areas of unskilled work ranged from 3/- to 6/- a day.

Economic determinants therefore, dictated a lower wage level for all workers in the nineties and for the unskilled through to 1921. To give a degree of precision to this generalisation it was necessary to measure the course of wages for the whole period. From this data may be seen the extent of decline of both average weekly money and real wages in the nineties, their joint recovery to 1900 and subsequent standstill until 1905. Renewed increases in money wages brought very slight betterment in real terms until 1909 and this only until 1913. By 1915, wages had fallen to the 1909 level, and recovery was delayed until 1920.

Unemployment exacerbated wage earners' conditions. Conservatively estimated at 29 per cent in 1893 the shortage of jobs was an acute social and economic problem until late in the 1890s. Conditions improved transitionally in 1899-1901, but unemployment rose again to reach a high point of about 13 per cent (Victoria) in 1903. These estimates grossly understate unemployment for the unskilled. Census data apart, there are practically no data whereby a reliable estimate is possible, but literary evidence strongly suggests a disproportionate number of the unemployed were non-tradesmen.

Toward the end of the nineties there was an increasingly marked contrast between various wage groups. While not all skilled and semi-skilled

regained the pre-depression standard by 1900-1, and some of these suffered reverses in the ensuing five years, and certain types of unskilled work was paid for at a money and real wage not substantially below this standard, nevertheless, the different pattern of wage recovery of the two broad groups is readily demonstrable. Whereas the generality of tradesmen had regained union rates by 1901-2, a survey of wages prescribed for unskilled work, supported by another showing wages actually paid for such work, and a priori reasoning about other jobs not included in either survey, indicates an average real wage for the unskilled during the years 1901-1920 of approximately 82 per cent of the 7/- a day generally believed to have been received for this grade of work before the depression. Stated another way, in this period about 80 per cent of wage earners doing unskilled work were paid less than the 7/- standard.

The improvement in craftsmen's wages was due to a temporary tightening of the labour market for skilled men, 1899-1901, permitting an increase in labour's bargaining strength. But this took place in a radically changed system of industrial relations.

During the nineties, over a half of Victorian unions either disintegrated or were so reduced in size as to be little more than names. Even the survivors were seriously weakened and few if any were able to maintain union rates of pay. This erosion of industrial strength had turned labour more purposefully

to politics and to press governments for institutional support of wages. From the early nineties, governments were urged to assume the role of wage leadership, particularly to set a wage for unskilled work based on pre-depression prosperity.

By 1900 the 7/- standard had been implemented for unskilled employed on government work, though not those working for public enterprises such as the railways. But something more than exhortation was needed to persuade non-government employers to pay 'unnecessarily' high wages. For the first time in half a century, and perhaps always in Australia, private employers operated in a buyer's labour market, and they could see no reason for transgressing the 'immutable laws of supply and demand'. Moreover there was considerable cogency to their arguments that work could be provided for some of the unskilled only if they were prepared to accept relatively low wages. Even so employers were under strong pressure to improve wages for the unskilled. For a variety of reasons, important groups were insistent that the worst examples of 'sweating' be eliminated.

This circumstance together with manufacturers' anxiousness to secure more of the home market for their own products brought a renewal of demands for higher protection. Labour and employers alike saw this as essential for the survival of important sectors of Australian industry and with it the availability of jobs.

Such was the balance of power between interest groups contending for State support, however, that to obtain tariff revision employers had to pay a price. For though unionists accepted the same basic premise that protection safeguarded job opportunities, the lowering of wages during the nineties and employer resistance to re-establishing union rates as the economy recovered prompted them to make more specific the conditions of their co-operation. Higher tariffs were to be got only if wage earners shared directly in the proceeds. Until approximately 1905 the means of unionists ensuring 'their share' was through the operation of quasi-legislative industrial tribunals - wages boards in Victoria and the Arbitration Court in New South Wales. Possibly the setting up of these colonial/State institutions is explicable in terms of this mutuality of interests.

During renewed unemployment (1902-5) and with the first Federal tariff safely on the Statute Book, employers attempted to undermine or even destroy these industrial tribunals in both States. They were only partly successful. Even so their action seriously limited the effectiveness of the tribunals so that only a very small proportion of wage earners received determinations or awards, and these were not always much better than would have been obtained without their help.

Taking a lead, therefore, from the wage clauses inserted in legislation giving subsidies to primary

producers, a practice dating from 1898, labour made their support for further tariff protection conditional on 'fair and reasonable' wages being paid in industries so protected - hence the Excise Tariff Act of 1906 and the concept of New Protection.

Industrial tribunals and conditional tariff protection were devices specifically devised to bolster unions reduced industrial strength. But their utility to unskilled wage earners pre-supposed the existence of some form of collective representation. Yet most unskilled were not organised and never had been. Where large numbers of unskilled were brought together for work purposes, mass unionism was possible, e.g. waterside workers. Again, where there was a close and continuing relationship between craftsmen and labourers, e.g. building, collective action was facilitated. But the bulk of unskilled work was dispersed among a large number of disparate industries in all major sectors of the economy. For these effective trade unionism was not feasible until new forms of organisation evolved.

Thus for most unskilled in private industry, wages were determined chiefly by labour market forces:¹ and these were unfavourable to recovery of the high level

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See Phelps Brown, *op. cit.*, pp.272-5 for the influence of custom and 'common decency' as important in employers' attitudes to wages even where no Trade Unionism existed.

existing before the nineties. Even the few that featured in awards of wage fixing tribunals gained little more than wage uniformity. In Victoria, rates set during the 1900s for the lowest paid adult male worker were almost always 36/- or less, whilst adjustments for rising living costs during the next decade were belated and seldom lifted the real wage above this level. Much the same occurred in New South Wales. Although wages for even fewer unskilled workers were prescribed, the Arbitration Court more consistently adopted a crudely calculated Living Wage based on the President's guess of 'reputable' employer standards which approximated to 36/- a week. As prosperity increased after 1905, the Court raised the minimum standard to a rate nearer that earned before the depression. However, this was done selectively, depending on whether each industry was judged to be capable of meeting increased wage costs.

On the eve of Harvester then, wages paid for most unskilled work were probably in the range of 30/- to 36/- a week. Government and municipal authority workers got more as did some of those organised in mass unskilled unions and perhaps a few whose conditions were set by industrial tribunals. Moreover, though the concept of a Living Wage was discussed at every level of public debate, the only systematic consideration of its social and economic implications had taken place in the N.S.W. Arbitration Court. And here this criterion

of wage determination had been rejected in favour of industry's capacity to pay.

The Harvester Inquiry was a microcosm of contemporary industrial relations. The employer was powerful, hostile to unions, and fiercely antipathetic to industrial tribunals. Yet McKay pleaded strongly for tariff protection and 'promised the earth' in return. The union had disintegrated in the nineties, failed to regain any real industrial strength in the 1900s, was poor, pleaded for profit sharing, and levered hard on New Protection. The third and new factor in industrial relations was Justice Higgins. Taking as his starting point that by late 1907 the economy had approximately recovered to the 1891 level of prosperity he reasoned the pre-depression rate of wages should be restored. And this for all unskilled anywhere in Australia.

He rationalised this conclusion in various ways: what unskilled wage earners' wives spent to maintain good health for a family of 'about five'; what reputable employers in some private industries paid; that amount received by government and municipal authority employment; what might be the outcome of a collective bargain between all employers and all employed were they of equal industrial strength. Probably the decisive criteria were Higgins' assessment of the wage generally paid for unskilled work before the Nineties' depression, and the rate recently fixed

for ironworkers' assistants in the engineering industry. He did not ignore economic considerations but he did disregard individual industries' capacity to pay considerations, believing the general economy could meet the 7/- standard and its costs would be spread evenly over the consuming public.

Despite Higgins' insistence that no award of the Commonwealth Court should give less than 7/- or the rough money wage equivalent of the amount as inflation reduced the currency's purchasing power, and his claim that State tribunals were following his lead, neither the Harvester Standard nor the concept of a Living Wage were implemented in Australia for a further fourteen years.

The N.S.W. Court and after 1908 the wages board followed their own precepts and awarded a 42/- money wage where industry could pay. Individual boards inched the amount up after 1909, until in 1911 the Court of Industrial Arbitration lifted the minimum to 45/-. But this was in keeping with Heydon's policy formulated before Higgins was appointed to the Commonwealth Court. From 1914, Heydon judged the economy could no longer support a 42/- standard and reverted to his 36/- standard set in 1905. This was maintained until 1919-20.

In Victoria, wages board chairmen seem to have continued to act primarily as conciliators. Wages prescribed for the lowest paid adult male worker did not generally exceed 36/-. Both before and after

Harvester the Industrial Appeals Court operated to discipline chairmen who raised wages above the limit of employer tolerance. Whilst Heydon in N.S.W. rationalised the rate of 36/- for the unskilled in terms of calculating a 'Living Wage' for a man, wife and two children, judges in the Victorian Court held the Living Wage should be a 'personal' wage only and could not take cognisance of a man's family responsibility.

The State tribunals would not accept the fundamental premise of the Living Wage doctrine, that is that all Australian adult male wage earners should receive the minimum wage. Customarily, labourers as such were paid substantially more than a considerable number of adult males performing a miscellany of lower grade jobs. State tribunals pertinaciously respected this wage differential amongst the unskilled until 1916-17. During the next four years the practice of prescribing different rates for various grades of unskilled was gradually superseded by the 'All Other Adult Males' designation.

In general then, neither of the major State tribunals paid much attention to the Harvester Judgment: both chose to go their own ways: both were disinclined to accept the full rigours of the Living Wage concept.

Moreover, wages for unskilled work in industries coming under the Commonwealth Court itself rapidly lost their purchasing power. The difficulty of getting back

into the Court and the rarity of award variations ensured average real wages over the period 1908-20 to be approximately 89 per cent of the Harvester wage of 1907.

Throughout the two decades 1900-1920, pressure from labour and labour sympathisers, together with (after 1908-9) employers new-found enthusiasm for State instrumentalities as opposed to the Commonwealth Court, had extended the coverage of industrial tribunals to include most Australian wage earners in all occupational groups. In 1919-20 and early 1921 these tribunals made a concerted effort to award more generously than hitherto. High inflation of 1919-20 negated these efforts and in fact reduced real average weekly wages to the lowest point since, perhaps the mid-nineties. In 1921, the situation was dramatically transformed. Further adjustments to allow for the 1920 price rises together with their not inconsiderable fall in 1921 combined to raise the average wage for lowest paid adult male workers to the full pre-depression standard of 42/- a week. Thereafter, or at least until the early thirties, this amount was maintained by quarterly adjustments for price changes. The national minimum wage was achieved.¹

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Strictly, data used in this thesis is for wage earners in Victoria, New South Wales and those coming under Commonwealth Court awards. There is little reason to believe, however, that wage experience elsewhere was markedly different, especially after 1910 when all States had instituted wage determining tribunals.

As suggested, the establishment of the national minimum wage is understandable only by considering the main streams of influence active over a period of three decades. It was the inter-action of powerful economic, social and political forces that caused Australians to accept the social philosophy of a needs-based wage for unskilled. And it was these same conditioning factors that complemented the Living Wage concept by providing the institutional arrangements essential for its practical fulfilment.

It is necessary then for the purpose of analysis to separate out these major factors and subject them to closer examination. The schematic approach adopted in this study is to look sequentially at the features and nature of changes in the Australian economy 1891-1921, with special attention to job opportunities, wage experience and unemployment; wage conditions of the lowest paid adult male employees and the pattern of differentials both among the unskilled themselves and between all unskilled and other wage earners; the interests, attitudes, and policies of labour and of employers as separate socio-economic groups; the changing role of government in the process of wage determination; wage principles prior to 1907; the operations and importance of Victorian and N.S.W. industrial tribunals before 1907; the Harvester Judgment; and finally to general wage experience 1907-1921.

CHAPTER 1

THE AUSTRALIAN ECONOMY,
WAGES AND UNEMPLOYMENT - 1891-1914

Major structural changes in the Australian economy contributed to general economic depression of the nineties and affected the level of incomes paid to wage earners. They also acted to alter the pattern of demand for labour, reducing the number of jobs earlier providing relatively high rewards for unskilled work. In the 1900s, some of the redundant labour had been reabsorbed in growth industries, but at substantially lower wages. The many unable to find work exerted pressure on the labour market, preventing wages for unskilled work rising in step with rewards in other occupations. This was the anomaly that fastened public attention and concern on the conditions of unskilled labour and strongly influenced Higgins when charged with stating what were 'fair and reasonable' wages. If fair and reasonable wages for the skilled (union rates fixed before the nineties) had been mostly recovered by 1907, it seemed fair and reasonable that unskilled should have a living standard determined by the same criterion - for the pre-depression equivalent of union rates for the unskilled.

The object of this chapter is to place the Harvester Judgment in its economic context; to

understand the nature of the major economic forces working to hold wages for unskilled work below what Higgins believed was 'fair'. To appreciate the strength of the pressures that Higgins needed to combat if his policy was to be successful, we need to be familiar with the general course and causes of economic change in the period 1891-1914 and the consequential effect on job opportunities and wages. More particularly, for wage levels of various groups to be discussed there is a need for broad indicators of the level of wages at different times. Estimates have therefore been made to show changes in money wages for the whole period and these have been adjusted both for changes in the price level and for unemployment.

By contrasting wage levels with economic conditions at various times it is possible more readily to evaluate attitudes and policies of the main parties to wage determination. From the contrast of wages paid for unskilled work with those paid for skilled work and non-wage incomes we may better appreciate the substance of public concern for the poorest paid worker as expressed in the Harvester Judgment.

1870-1890

The development of Australia's economy in much of the second half of the nineteenth century was remarkable. For the three decades 1860-90, foreign capital, mostly British, was diverted from other

overseas areas to Australia.¹ This developmental capital flowed into both private and public enterprises, the former to expand the highly profitable pastoral industry, and the bountiful extractive industries (from the glamorous gold and silver mining to the more prosaic coal and base metals), the latter mostly to build a network of transport facilities, and to a lesser degree the foundations of urban physical social amenities such as water and sewerage. In some respects the pace and pattern of Australia's economic development was faster than and different from most or all other countries. Perhaps because of the deeply rooted practice of State intervention in economic and social affairs, the readiness (and possibly rivalry) of colonial governments to undertake large-scale capital investment, and the pressure from the pastoralists, business and commerce interests vitally concerned with having governments provide socio-economic amenities to service their own private enterprises, Australia's industrial infra-structure grew extremely rapidly.

Such a rapid development, compressed into a single generation, however, held serious implication for the character of Australia's economy in general and for

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N.G. Butlin, 'Colonial Socialism in Australia' in The State and Economic Growth, edit. H.G.J. Aitken, New York 1959, pp.34-5. For an account of British investment in Australia, see J.D. Bailey, 'Australian Company Borrowing, 1870-1893, A Study in British Overseas Investment', Ph.D. thesis, Oxford 1957, especially Table XIV.

wage earning groups in particular. When the inflow of foreign capital decreased and then stopped almost entirely, one of the main props of the Australian economy was removed. And events of the nineties and 1900s are explicable only if this central factor is kept to the forefront of attention. For there was no possibility of Australia providing the substitute capital funds needed to replace those from overseas.¹ It is also important to note that through the huge programmes of capital investment conducted between 1860-90 the main transport system had been built. Possibly a fundamental reorientation of the national economy would have taken place even if the flow of foreign capital had not dried up. This applies most obviously to the direction and magnitude of public capital investment. But there were signs, too, that the pattern of private investment was altering, inasmuch as the pastoral industry and private building had been over-expanded. Apart from the discovery of gold from Western Australia in the nineties, the importance of the extractive industries in the 1900s was to lessen - especially from the viewpoint of job opportunities.

The extent of public capital investment and lucrateness of private enterprises had major

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N.G. Butlin, op. cit., p.31, also W.A. Sinclair, 'The Depressions of the 1890s and the 1930s: A Comparison'. Readings in Australian Economics, Edit. N.T. Drohan and J.H. Day, Melbourne 1965, pp.88-9.

repercussions on the conditions of wage earners. First, and despite considerable immigration, labour was a scarce economic resource for most of the developmental period.¹ There were times when slackening of economic activity caused unemployment to be a grave social problem,² but its actual importance in the total labour scene may have been exaggerated.³ In general, bargaining strength both in individual and private contracts and collective agreements between nascent unions and employers was unequal: labour had the greater strength. Hence relative to other countries wages in Australia were very high. In the two decades prior to the depression

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Butlin... op. cit., pp.66-7.

2
J. Philipp, 'Trade Union Organisation in N.S.W. and Victoria, 1870-1890', M.A. thesis, University of Melbourne, 1954, pp.43-4; and J.F. Cairns, 'The Welfare State in Australia. A Study of the Development of Public Policy', Ph.D. thesis, University of Melbourne, 1957, p.119.

3
'Unemployment was frequently a question of the day, for the unemployed were organised, articulate, politically conscious and demanding as a right work at full wages from the government when private industry failed to provide it'. E.C. Fry, 'Conditions of the Urban Wage Earning Class in Australia in the 1880s', Ph.D. thesis, A.N.U., 1956, p.362.

...wages rose and prices fell so that the level of real wages was far higher than at any other time in the history of the colony [N.S.W.]...[for] the manual labourer, the twenty years embraced within this period were in the highest degree satisfactory...¹

G.H. Wood's study supports this impression. Referring to the years 1875-90: 'At no period except in the gold years 1853-8 were wages so high and at no time was the purchasing power of money so great'.² But it was the prophetic Coghlan who sounded a note of foreboding by adding 'it is hardly likely they will be repeated'.³

Writing at about the same time as Coghlan, B.R. Wise believed the extraordinarily high and rising wages in Australia during 1860-90 were caused by the relationship of scarce labour with the remarkable wealth of Australia's factor endowment.⁴ Labour was not merely scarce but, because of climatic and mineral source factors, was very highly productive. Prudently, as Wise postulated, private capital had been invested mostly in those industrial pursuits in which Australia

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The Wealth and Progress of N.S.W., 1898/9, p.508. See also Philipp, op. cit., p.119.

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G.H. Wood, 'Changes in Average Wages in N.S.W., 1823-98', Journal of the Royal Statistical Society, 1901, p.334. See also Butlin op. cit., p.30; B. Fitzpatrick, The Australian People 1788-1945, Melbourne 1951, p.36.

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The Wealth and Progress of N.S.W., 1898/9, p.508.

4

B.R. Wise, Industrial Freedom - A Study of Politics, London 1892, p.320.

had clear comparative advantage in the international trading scene. Given rising world demand for minerals, wool and agricultural products, the market for the products of the country's primary industries was extensive. The same applied to those linkage industries in manufacturing which location and transport factors made economically viable.¹ Similarly, government capital investment, such as railways and harbours directly servicing the primary and linkage industries, contributed to the 'sensible' development of the country's wealth producing potential, and added further to labour productivity.

Thus labour's high productivity, coupled with its relative scarcity, made for high and improving wages for those employed in the country's staple industries. And because of a continuing relative shortage of labour these efficient industries strongly influenced wages in other sectors, thus

...when owing to the natural superiority of a country in a climate, soil or mineral wealth unskilled labour can obtain a high reward, the probability...is that the ruling rate for other kinds of labour will be at least equal to that which prevails in the extractive industries.²

If these two sets of conditions, rapidly accelerating capital investment and scarce labour, and

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Ibid., pp.320-1.

2

Ibid., also Butlin... op. cit., pp.63-4.

factor concentration in high productivity industries, are combined, we have a reasoned explanation for the high and rising wage level in Australia in 1860-90. A corollary of this was the narrowed differential between skilled and unskilled. A noted phenomenon of the Australian wage structure, compared with other countries, is the comparative slightness of rewards for skill paid to craftsmen.¹ Undoubtedly, construction, mining and pastoral industries stimulated some demand for skilled labour, but as Coghlan implied,² it was the unskilled and semi-skilled who enjoyed the greatest comparative advantage. It is important here to remember that most construction work was highly labour intensive - capital investment in those days meant, primarily, investment in labour.³ Railways, roads, earthworks, tramways, building and much of the investment work in the pastoral industry were literally pick and shovel operations - capital equipment as such, apart from tools of the job, was relatively insignificant. In the decades of prosperity here discussed it was people to do unskilled and semi-skilled work who were most sought, thus raising the price of this grade of labour relative to the skilled.

1
Fry, op. cit., pp.328-9.

2
Wealth and Progress...

3
Butlin... op. cit., p.47.

It was not so much that skilled labour was not well paid, judged by any world standard, although there were those who believed because of more broken working time and narrower differential for skill, wages were lower than in the 'old country';¹ but more that rewards for unskilled and semi-skilled work were extraordinarily high. In the seventies and eighties, railway workers, itinerant pastoral workers and most important, government and municipal authority workers were paid 7/- or 8/- a day and strong 'pick and shovel men' probably even more.² In the protracted campaign to re-establish 7/- per day for the unskilled, and union rates for others, it was this high wage standard of the eighties, based on the wage leadership of government departments and municipal authorities, and labour utilisation in highly productive primary industries that the labour movement aspired.

Depression and Recovery

These two wage conditioning factors were both radically changed in the nineties. Public capital

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Philipp, op. cit., pp.72-3; also H. Hughes, The Australian Iron and Steel Industry, 1848-1962, Melbourne 1964, pp.23-4 and 33; Wise, op. cit., p.307.

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N.S.W. Parliamentary Debates, 1896, Vol. 82, p.605; also Comm. Court, Australian Builders' Labourers' Federation, and Archer and Others (1913) Transcript, p.43: Q.W. 10 January 1903; Pastoralists' Review Vol. 2 1892-3, p.656; Victorian Year Book 1890-91, 'Labour Report', pp.488-97.

formation declined dramatically, recovering briefly only in 1901-2 before stagnating once more until 1909.¹ Mining activity, including private and government sponsored 'fossicking',² increased markedly during the decade, especially gold mining in Western Australia, yet the momentum of growth was not sustained, there being a sharp trend reversal in the 1900s. An over-expanded pastoral industry³ suffered a series of reverses for 13 years and found no cause to extend its capital equipment significantly. Finally, residential building, except during the ephemeral boom of 1895-1901, fared little better, construction probably continuing at sub-1890-1 level until 1906-7.⁴

The sharp curtailment of these industries, plus the similar though more short-lived fall in manufacturing employment drastically reduced job opportunities in general. Worst affected were the unskilled. For whereas with the recovery of

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N.G. Butlin, Australian Domestic Product, Investment and Foreign Borrowing, 1861-1938/9, Cambridge 1962, pp.464-5.

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N.S.W. Votes and Proceedings, 1900, Vol. 6, Annual Report of the Government Labour Bureau, pp.3-4.

3

N.G. Butlin, 'The Shape of the Australian Economy, 1861-1900' in Drohan and Day, op. cit., p.161.

4

Butlin, Australian Domestic Product..., pp.462-3.

manufacturing in the late nineties, and its marked resurgence after 1906-7, strengthening the demand for skilled men, the inability of governments and the private industries to employ available unskilled labour caused a continuing abundance of this grade and downward pressure on their wages.

Whilst demand and supply conditions alone dictated a lower price for labour service - temporarily for skilled but more lasting for the unskilled - the reallocation of economic resources within the national economy militated against the sustaining and certainly against a rising standard of wages. In his admittedly propagandist (Free Trade) thesis, Wise presaged that tariff protection would mean the utilisation of labour services in less efficient industries, namely manufacturing, which in turn would reduce overall efficiency of the total labour force. Tariffs would also raise the price of 'appliances and tools' used in the highly productive industries, the ultimate effect being that 'By lessening the efficiency of the labour employed in the extractive industries Protective duties lower the standard of wages for the whole country'; and by encouraging the growth of manufacturing 'wages [would] be lower than for workers in the extractive industries where [there was a] comparative advantage conferred by natural economic conditions'. There would

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Wise, op. cit., p.319.

then be 'a tendency to reduce real national income, in the process reducing real wages'.¹

Though Wise may have exaggerated to make his point manufacturing grew in importance. The shift of a considerable proportion of the work force from high productivity industries to less efficient industries might reasonably be expected to lower marginal labour productivity and thus exert a further restraining pressure on wages. It was this relocation of some of the work force to less efficient industries, reinforced by changes in power relationships in wage bargaining negotiations, that determined the social, political and industrial history of the generation 1890-1921.

The general picture then is one of reduced economic activity during much of the nineties. On recovery at the turn of the century, but more sustained from 1905-6, the pattern of development had changed - away from building the infra-structure of an industrial society (largely with unskilled labour) and high investment in pastoral and mining, toward one in which manufacturing and service industries were of increased importance, but in which unskilled labour had a reduced productive value.

Wages, 1895-1914

As background to the economic conditions affecting unskilled labour, we may turn, first, to discuss the

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Ibid., p.313.

movements in real and money wages and unemployment for all Australian wage-earners after 1891. It is essential to be aware of the many defects in the statistics to follow, both the original 'data' and the calculated indexes. Given the qualifications to follow, the various indexes cannot be used for very detailed or short-run interpretation and must be related mainly to assessing the general and longer-run movements in money and real wages and unemployment. In practice, we are interested in comparisons of major time points.

At first sight, the task of constructing a reliable wages index for manufacturing seems merely one of selection from the mass of statistical material available in State Statistical Registers, but closer examination reveals this apparent wealth of data flatters only to deceive. For both major States, rates quoted are, for long periods, presented in the form of a 'range', that is, the lowest and highest rates paid, whilst an 'average' or 'standard' rate begins to appear for some grades of wage-earners only after 1897. For many occupations the range quotations continue for most of our period. Additionally, a reliable time series is made more difficult by changes in job designations of workers in most industries, and even where, exceptionally, identical or similar jobs appear in 1891 and through to 1914, it is unlikely that the operatives so described performed the same work function. Perhaps the most damaging criticism is that all data quoted

are wage rates, which, in too many cases, remain unchanged for long periods.

An attempt to construct a weighted average wage series better reflecting both medium and long-term trend movements is presented in Table 1. The basic material has been taken from the Annual Reports of the Chief Inspector of Factories, Workrooms, and Shops to the Victorian Parliament. From 1895, Victorian employers¹ were obliged to remit to the Chief Inspector details of numbers employed and average wages paid to all their employees, the returns being set out to show separate figures for males and females, junior and senior, and this in a large number of different industries.²

The wage information presented was for both wages boards and non-wages board industries and to obtain the widest coverage of average wages paid in Victorian manufacturing, all available data were collected and processed. Fortunately the Chief Inspector published not only details of average weekly wages, but also the

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Initially the survey was almost entirely limited to manufacturing, but as the wages board system was extended, data was collected and published for a wide range of primary and service industries. To safeguard against possible distortions which this might cause, these extra-manufacturing industries were omitted from this study of wages.

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Numbering 100 in 1896 and 140 in 1914.

TABLE 1
WEIGHTED AVERAGE (MONEY) WEEKLY WAGES - VICTORIAN MANUFACTURING
 (Wage board and non-wage board combined)*

	<u>Males</u>	<u>Index</u>	<u>Females</u>	<u>Index</u>	<u>Males and Females</u>	<u>Index</u>
	£		£		£	
1891	1.15. 3	793	0.14. 1	757	1. 8. 6	843
1892	1.14. 3	771	0.13. 8	737	1. 7. 9	820
1893	1.12.10	739	0.13. 2	706	1. 6. 7	786
1894	1.12. 4	727	0.12.11	694	1. 6. 2	774
1895	1.11. 6	709	0.12. 7	677	1. 5. 4	748
1896	1.10. 8	690	0.12.10	691	1. 4. 6	724
1897	1.11. 1	700	0.12.11	695	1. 4. 4	719
1898	1.12. 2	724	0.13. 9	741	1. 5. 6	753
1899	1.12.10	739	0.13. 9	741	1. 5. 9	761
1900	1.13. 7	756	0.14. 1	758	1. 6. 4	778
1901	1.14. 8	780	0.14. 2	762	1. 6. 9	791
1902	1.15. 6	800	0.14. 3	767	1. 6. 9	791
1903	1.15. 4	795	0.14. 9	794	1. 6. 9	791
1904	1.14. 8	780	0.13.10	744	1. 5.10	764
1905	1.15. 1	790	0.13.11	749	1. 6. 1	771
1906	1.15. 7	801	0.14. 1	758	1. 6. 6	782
1907	1.16.10	829	0.14. 6	780	1. 7. 4	808
1908	1.17. 5	842	0.14. 7	785	1. 7. 4	808
1909	1.18. 6	867	0.15. 8	843	1. 8. 7	845
1910	2. 0. 1	902	0.16. 6	888	1.10. 8	907
1911	2. 4. 5	1000	0.18. 7	1000	1.13.10	1000
1912	2. 6. 1	1050	0.19.10	1067	1.15. 8	1055
1913	2. 8. 4	1087	1. 0. 8	1111	1.17. 5	1107
1914	2. 8. 6	1091	1. 1. 4	1147	1.17. 9	1117

*In the course of collecting these data, separate information was recorded for wages and non-wages board industries, but as the composition of the total survey changed constantly, shifting industries into the wage board sector and new industries being added into the non-wage board sector, no meaningful conclusion was possible from studying changes over time. The separated series, therefore, have not been reproduced in this thesis.

Sources: 1891-4 - Victorian Statistical Registers - Wages in Melbourne.
 1895-1914 - Appendices B and C of Yearly Reports of the Chief Inspector of Shops and Factories to the Victorian Parliament. Parliamentary Papers, 1896-1915.

numbers of employees to whom the information applied. Information was given of overall average wages for males, females, and for total work force in each industry separately as well as for each age group in all series and on check it was shown that each sub-total (males and females) as well as the total figures had been weighted to allow for different numbers earning various levels of average wages according to age. It remained, however, necessary in compiling the wage series shown in Table 1 to make weighting allowances for total numbers for each industry - this for males, females, and for the total work force. The series then purports to represent average weekly wages paid in Victorian manufacturing weighted for numbers employed, both by age and by industry.

The magnitude of the survey is shown in Table 2, where the numbers/wages data, collected in 'early November' (the Chief Inspector's B and C Appendices) is compared (a) with the Chief Inspector's second and more complete collection of employment only taken in January¹ (the Chief Inspector's Appendix A) and (b) the

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'The statistics given in Appendix A are supplied in January, those given in Appendices B (wages board numbers and average wages) and C (non-wages board numbers and average wages) are supplied during November. This will account for some discrepancies in the figures as regards the persons employed if Appendix A be compared with Appendices B or C. The figures supplied in Appendix A are more accurate as regards the persons employed, as all the persons for whom registration fees

(continued p.60)

TABLE 2
VICTORIAN MANUFACTURING EMPLOYMENT, MALES AND FEMALES

	<u>Non-wage Board</u>	<u>Wages Board</u>	<u>Total</u>	<u>2 as % of 3</u>	<u>'Appendix A'*</u>	<u>3 as % of 5</u>	<u>Stat's Reg's</u>	<u>3 as % of 7</u>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1895	-	-	33,354	-	36,027	92.5	46,095	72.35
1896	-	-	30,452	-	40,814	74.6	50,448	60.36
1897	-	-	36,447	-	45,178	80.7	52,701	69.15
1898	31,706	10,428	42,134	24.7	45,844	91.9	54,778	76.91
1899	33,346	12,682	46,028	27.6	49,546	92.9	60,070	76.62
1900	35,436	12,340	47,776	25.8	52,898	90.3	64,207	74.40
1901	30,544	20,450	50,994	40.1	56,945	89.5	66,529	76.64
1902	24,644	25,285	49,929	50.6	59,440	84.0	73,063	68.33
1903	25,475	26,869	52,344	51.3	57,767	90.6	73,184	71.52
1904	19,088	36,233	55,321	65.5	60,977	90.7	76,287	72.51
1905	20,336	37,400	57,736	64.8	63,270	91.3	80,235	71.95
1906	22,511	41,089	63,600	64.6	67,545	94.2	85,229	74.62
1907	19,689	45,482	65,171	69.8	71,968	90.5	90,903	71.68
1908	20,069	48,649	68,718	70.8	76,210	90.2	93,808	73.25
1909	18,121	52,823	70,944	74.5	79,348	89.4	97,355	72.87
1910	15,336	61,447	76,783	80.0	83,053	92.5	106,176	72.32
1911	16,059	64,754	80,813	80.1	88,694	91.1	111,948	72.17
1912	11,357	70,119	81,476	86.1	104,746	77.8	116,108	70.17
1913	11,560	74,683	86,243	86.6	110,487	78.1	118,744	72.62
1914	9,481	74,818	84,299	88.8	110,660	76.2	118,399	71.19

*Collected in January.

Notes. Columns 1, 2, 3 and 5 exclude homeworkers, working proprietors, clerks, managers, supervisors, casual workers.

Toward the end of the 1900s, considerable numbers of non-manufacturing wage-earners were brought into the wages board system. These have been excluded from column 3.

account of manufacturing employment given in the Victorian Statistical Register. With the exception of 1896 (a totally unreliable return in all respects) and 1897, the numbers/wages figures constitute a high and fairly constant proportion of the January collection. Similarly, the proportionality with Statistical Register figures is reasonable, the larger discrepancy being the omission in the numbers/wages data of working proprietors, clerks, carters, clerical workers, managers, and supervisors, together with some 'highly paid foremen, homeworkers and a number of casual employees'.¹

If we can be confident about the representative character of the survey, less assurance is possible of the nature of the wage data themselves, for the Chief Inspector did not define the content of 'average wages'. The only information proffered is: 'the Average Weekly Wage paid for 48 hours' work...compiled from information supplied by manufacturers'.² The general

¹ (continued from p.58)

are paid are entered; whereas it is sometimes found impossible to obtain the returns from some employers from which appendices B and C are prepared. The Appendices B and C are, however, I [the Chief Inspector] believe, accurate as regards the average wages as the returns not received would not materially affect the results'.

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Annual Report of the Chief Inspector of Factories and Shops for 1895, p.3.

²

General heading of Appendices B and C.

evenness of yearly wage movements (in aggregate and in individual industries) gives a strong impression of average weekly wages rather than earnings. We cannot be sure, however, that wages quoted despite the 48 hour stipulation do not include extra-wage payments, although we might look for more erratic movements if this were so. Possibly, individual employers completed returns in different ways - some including overtime, etc., others giving actual average weekly wages - but we may not be too wrong to take the Chief Inspector's 1895 statement at its face value, that 'The returns simply give the usual weekly wages and hours of labour in each trade'.¹

Evaluation of the representative character of 'average wages' is somewhat more difficult. Possibly, employers gave details of wages paid in the week, or conceivably the month during which the inspector's forms were received. The relative complexity of details required might have precluded employers calculating wage data for any longer period. This being so, we should consider whether the degree of seasonality in the Australian economy was such as to give a bias to wage material collected in and relevant to one particular month of the year.

Wages paid in industries clearly affected by seasonal fluctuation could well serve to inject an

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Chief Inspector's Report for 1895, p.12.

upward bias into our average wage series, particularly as November in Australia is a harvest month during which many workers may have earned above (yearly) average wages. On the other hand, there was some offsetting seasonal activity, the glass industry, for instance, closed down regularly in summer months as high temperatures were not conducive to glass-blowing and other operations.¹ Further, seasonality may not have depended completely on the harvest, and even those industries so affected may have operated at different phases of primary production. Hence, complementarity of seasonal industrial activity possibly provided year-round work for many wage earners.

Measurement of seasonality is extremely difficult even when reasonably complete statistical material is available. During our period we are reduced almost to sheer speculation. Possibly the only statistical evidence of the incidence of factory operations is contained in Table 3. The number of factories and persons employed for each year is identical with figures given in the Statistical Register for total manufacturing, confirming thereby the fullness of coverage. If we can assume that factories open for less than ten months were food processing or related industries, then other factory employment is not too inconstant. (We necessarily can make no estimate of

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Royal Commission on the Tariff, Commonwealth Parliamentary Papers, 1906, Vol. V, p.1470.

TABLE 3

VICTORIA
 'PERIOD DURING WHICH FACTORIES WERE IN OPERATION'

	Under 10 Months		10-11 Months		11-12 Months		12 Months	
	Factories	Employees	Factories	Employees	Factories	Employees	Factories	Employees
1896	12.5	13.0	20.0	10.0	49.0	57.0	18.5	20.0
1897	9.2	7.1	22.5	11.9	41.1	54.3	27.2	26.7
1898	11.8	9.0	18.0	8.4	45.1	52.6	25.1	30.0
1899	11.9	7.7	20.0	13.0	46.7	53.3	21.4	26.0
1900	7.9	4.7	22.2	13.4	53.8	57.6	16.1	24.3
1901	8.5	5.4	20.5	12.9	57.4	65.0	13.6	16.7
1902	17.0	7.4	12.3	14.5	60.0	65.0	10.7	13.1
1903	23.3	14.8	33.3	36.8	39.0	40.3	4.4	8.1
1904	16.4	10.9	23.1	21.3	54.8	59.4	5.7	8.4
1905	17.4	10.6	14.0	17.4	55.7	54.6	12.9	17.4
1906	17.1	10.3	9.2	9.2	61.5	66.0	12.2	14.5
1907	15.7	8.4	22.8	23.8	57.2	60.0	4.3	7.8
1908	13.7	8.4	29.1	26.2	52.1	55.7	5.1	9.7
1909	15.4	8.5	23.6	25.3	57.0	56.4	3.9	9.7
1910	15.8	9.1	11.8	16.3	68.2	63.8	4.2	10.8
1911	15.4	12.9	22.0	24.2	58.5	54.7	4.1	8.2
1912	14.3	9.8	18.1	18.5	65.5	63.7	2.1	8.0
1913	10.2	5.0	3.5	4.5	74.3	73.5	12.0	17.0
1914	9.2	5.9	7.1	10.3	71.4	67.8	12.3	16.0

Source: Victorian Statistical Registers.

used and unused capacity of factories said to remain operating for most of the year).

Another possible measure of the representative character of November-based average wage data is the level of unemployment in various months of the year. For these early decades, information regarding levels of yearly unemployment is scarce and suspect and we can expect little accurate information on monthly fluctuations. Nevertheless, one union, the Amalgamated Society of Engineers, kept meticulous records of monthly unemployment among its members, and the figures have been processed to provide the picture of seasonality shown in Table 4. From this, November appears to have been a 'good' month; a simple standard deviation test shows unemployment to be 86.1 per cent of the yearly average.

Coupling relatively low unemployment among engineers with the seasonality factor (the two will be related in any case), we can conclude that the November-based average wages index may contain an upward bias, though to what extent we cannot say. For considering long-term change, this would not be damaging, inasmuch as the whole series, not any particular part, would need to be lowered to obtain greater accuracy. Only if the influence of harvests on general economic activity or the pattern of unemployment changed materially in our period would we need to consider some corrective adjustment.

TABLE 4
MONTHLY UNEMPLOYMENT* - A.S.E. VICTORIA

	<u>Jan.</u>	<u>Feb.</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Year</u>	<u>Nov. as % of year</u>
1896	15.0	14.0	8.2	10.6	12.1	10.5	11.1	10.1	8.3	6.5	6.3	7.0	10.0	63.0
1897	9.6	11.7	11.9	10.3	8.7	11.0	8.8	8.0	5.2	10.8	N.A.	15.6	9.9	N.A.
1898	20.2	13.3	13.3	12.0	11.2	11.8	10.0	8.3	14.3	10.4	6.5	9.1	8.6	76.0
1899	7.3	7.5	10.1	12.7	10.1	10.5	10.7	6.9	4.8	4.0	2.9	3.8	7.4	39.8
1900	3.7	4.6	4.0	3.3	4.0	2.7	2.7	2.8	3.2	1.5	4.4	4.6	3.5	127.5
1901	9.0	6.0	5.0	5.3	2.8	4.7	4.1	5.6	7.1	6.1	5.9	9.0	5.8	101.2
1902	8.0	8.1	8.2	6.0	11.8	12.8	11.1	9.3	9.5	11.1	12.5	12.5	10.1	123.7
1903	12.1	15.5	14.5	16.1	13.7	11.7	11.0	7.3	6.6	8.6	10.3	8.0	11.4	90.1
1904	6.5	10.4	11.3	10.5	11.0	10.0	9.1	10.4	9.6	8.9	10.5	9.7	10.2	102.9
1905	10.0	9.9	11.0	10.1	7.8	5.9	8.0	6.3	6.4	5.2	4.9	5.4	7.5	65.3
1906	4.7	5.4	6.4	6.8	5.1	3.8	5.5	3.9	2.8	2.0	3.0	2.6	4.3	69.8
1907	2.3	2.7	2.5	2.2	2.1	2.5	2.0	1.3	1.8	3.3	4.0	3.8	2.6	153.8
1908	2.7	4.2	4.1	2.9	3.3	3.8	4.3	4.6	N.A.	4.6	4.4	3.9	3.9	112.8
1909	3.0	3.2	4.4	6.5	5.4	3.8	5.3	4.8	2.2	1.8	1.9	N.A.	3.9	48.7
1910	4.0	2.3	3.1	3.0	2.8	1.0	1.2	0.9	1.2	0.6	0.9	1.1	1.8	50.0
1911	1.4	1.7	2.5	1.3	0.8	0.6	0.6	0.3	0.6	0.3	0.6	0.7	0.9	66.6

* Not including members on sick benefit.

Source: A.S.E. Monthly Reports, 1896-1911.

Given these qualifications, the most that can be claimed for our series is that it represents an approximation of average wages paid (in Victorian manufacturing) to non-casual, manual workers for a standard working week during November of each year. In its favour, it provides an indication of both short-term and long-term trends in money wages paid in an important sector of the economy.

Wages, 1891-1895

The data used starting only in 1895, recourse has been made to wage rate material mentioned earlier¹ to project the series back to 1891 - this to provide a basis for testing comparisons made by labour that 1891 represented the state of 'normalcy' in wage rates; that wage earners had a right to such a wage standard, and that wage tribunals should function to restore this standard. This was one of the two main criteria by which Higgins decided upon 7/- a day for unskilled work in the Harvester Judgment.²

All available wage-rate data for Victorian manufacturing for the years 1891 to 1900 was assembled and processed to give a series comparable with the average wage series already computed. (Post-1895 years were included to provide indicators of the location of a 'general' rate within the 'range', proceeding then by

¹ Supra, pp.55-6.

² Infra, pp.499-502.

analogy with earlier years - taking a simple average might well have led to more erroneous conclusions). From this was calculated the extent of the change in wages from 1891 to 1895, the result being applied to the average wage series compiled from Factory Reports. Although less convincing than computations for 1895-1914, the procedure gives us an estimate of money wages from the last prosperous year of the nineteenth century to the economic turndown associated with, but not caused by, the outbreak of the first world war.

For good reason it has been emphasised that these wages data are peculiar to manufacturing employment. It remains to estimate the degree to which manufacturing wages were representative of wages in general. It might be postulated that given a high measure of labour mobility, trends of wage possibilities in an important sector of the economy providing employment to large numbers of wage earners would roughly reflect wage possibilities in other sectors. Were wages higher in manufacturing than other areas of employment, the tendency might be for workers in lower paid industries to be attracted thence, thus exerting a downward and dampening influence on factory wages. Conversely, if wages in manufacturing were low, relative to other analogous occupations, factories would empty out, as during the gold strikes of the early 1850s, and exerting strong upward pressure on wages in this sector of industry.

Statistical material on extra-manufacturing wages does not lend itself to even the very limited measure of examination applied to manufacturing. While the Registers give, inter alia, wage rates for domestic servants, farm and station employees, and building workers, such data are mostly open to the same objections as manufacturing wage rates. Additionally, domestic work and rural occupations have the further complication that a percentage of wage income was paid in kind, that is, 'board and keep'. Nonetheless, wage data for these occupations have been collected, the result appearing in Table 5. Where at all possible, 'general' rates have been estimated, and indices computed.

Wages of building workers, even these official rates, fell farther and faster than those in manufacturing, general labourers being the most seriously affected. As payment in kind does not apply to this group we can conclude the obvious: that our average wages series is not representative of at least this class of non-manufacturing wage earners.

Prima facie, rural workers' wages too, in the main, fell more precipitously than in manufacturing, especially those of the less skilled, e.g. 'generally useful men' and 'farm labourers', but allowing for the board and keep element, farm and station workers' wages declined no more than, and possibly less than in manufacturing.

TABLE 5

INDICES OF RATES OF PAY - NON-MANUFACTURING
WAGE EARNERS: VICTORIA

	<u>Building Workers</u>				
	<u>Bricklayers</u>	<u>Slaters</u>	<u>Masons</u>	<u>Plasterers</u>	<u>Labourers</u>
1891	1000	1000	1000	1000	1000
1892	900	1000	1000	1000	812
1893	600	700	700	700	625
1894	600	700	700	700	625
1895	600	700	800	600	625
1896	650	700	800	600	687
1897	700	700	800	700	660
1898	750	700	800	700	660
1899	850	800	850	700	660
1900	850	800	800	700	812
1901	1000	800	932	800	812
1902	1000	800	932	900	875
1903	1000	1000	900	900	875
1904	1100	1000	1000	1000	1000
1905	1100	1000	1000	1000	1000
1906	1100	1000	1000	1000	1000
1907	1200	1000	1000	1000	1000
1908	1200	1000	1000	1000	1000
1909	1200	1000	-	1000	1000
1910	1200	1000	-	1034	1187

Source: Victorian Statistical Registers.

TABLE 5 (continued)

INDICES OF RATES OF PAY - NON-MANUFACTURING WAGE EARNERS: VICTORIA

	<u>Rural Workers</u>									
	<u>Boundary Riders</u>	<u>Shepherds</u>	<u>Hut Keepers</u>	<u>Generally Useful Men</u>	<u>Shearers</u>	<u>Stockmen</u>	<u>Ploughmen</u>	<u>Farm Labourers</u>	<u>Dairymaids</u>	<u>Married Couples</u>
1891	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
1892	1001	943	959	984	1064	975	958	1016	974	990
1893	999	955	983	957	1032	953	878	880	917	927
1894	875	875	864	801	1022	975	776	796	815	835
1895	839	759	820	774	983	809	722	702	774	822
1896	843	759	853	729	977	867	729	685	746	787
1897	867	826	851	838	1037	863	775	756	712	803
1898	813	792	776	786	1000	797	768	747	753	765
1899	815	802	791	843	1037	821	805	884	N.A.	829
1900	884	767	810	862	1022	870	828	875	N.A.	847
1901	950	727	954	898	1070	871	877	743	N.A.	933
1902	964	916	1043	929	1112	927	893	959	N.A.	920
1903	971	932	1029	879	972	952	877	915	N.A.	977
1904	1019	910	1037	820	972	1036	912	928	1233	1044
1905	886	910	1037	957	1134	1036	912	796	1233	1044
1906	886	910	1037	957	1037	1036	912	796	1233	1044
1907	997	1040	1185	957	1297	1036	912	796	1233	1138
1908	1152	1014	1156	1090	1297	1036	912	1061	1233	1138

Figures for rural workers are 'Average Rates of Wages paid upon Farms and Stations in February and March....' From 1904 they are standard rates of pay.

TABLE 5 (continued)

INDICES OF RATES OF PAY - NON-MANUFACTURING WAGE EARNERS: VICTORIA

	<u>Housemaids</u>	<u>General Servants (Female)</u>	<u>Coachmen, Footmen, Grooms and Gardeners</u>		<u>Barmen</u>		<u>Manufacturing (Weighted Average)</u>	
			<u>Range</u>	<u>General Rate</u>	<u>Range</u>	<u>General Rate</u>	<u>Males</u>	<u>Females</u>
1891	1000	1000	20 - 30/-	-	30 - 45/-	-	1000	1000
1892	1000	822	20 - 40/-	-	30 - 45/-	-	972	970
1893	827	764	20 - 30/-	-	20 - 30/-	-	931	934
1894	827	764	20 - 30/-	-	20 - 30/-	-	917	917
1895	827	764	20 - 30/-	-	20 - 30/-	-	893	893
1896	827	764	20 - 30/-	-	20 - 30/-	-	870	911
1897	689	764	20 - 30/-	25/-	20 - 30/-	20/-	881	917
1898	827	764	17/6 - 25/-	20/-	20 - 30/-	25/-	912	977
1899	873	879	17/7 - 30/-	25/-	20 - 30/-	25/-	931	977
1900	954	879	17/6 - 30/-	25/-	20 - 30/-	25/-	952	1000
1901	954	879	17/6 - 30/-	25/-	20 - 30/-	25/-	983	1005
1902	954	879	17/6 - 30/-	25/-	20 - 30/-	25/-	1007	1012
1903	965	917	15 - 30/-	20/-	20 - 30/-	25/-	1002	1048
1904	965	917	15 - 30/-	20/-	20 - 30/-	25/-	983	982
1905	758	917	15 - 30/-	20/-	20 - 30/-	25/-	995	988
1906	827	1070	15 - 30/-	20/-	20 - 35/-	25/-	1009	1000
1907	827	1070	15 - 30/-	20/-	20 - 35/-	25/-	1045	1029
1908	896	1070	20 - 30/-	-	25 - 40/-	30/-	1061	1035
1909	896	1070	20 - 30/-	-	25 - 40/-	30/-	1092	1112
1910	896	1070	20 - 30/-	-	25 - 40/-	30/-	1137	1171

Much the same applies to domestic servants, both male and female.

Hence, among occupational groups other than manufacturing for which there is some statistical evidence, however inconclusive, we may hazard the conclusion that building workers and possibly unskilled labourers generally experienced wage reductions greater than the average for manufacturing. Conversely, the wage and wage equivalent income of agriculture and pastoral workers, many domestic servants, and possibly wage earners in other tertiary occupations may have fallen at a slower rate, and not so far.¹ We may not, therefore, be far wrong in taking the wage series for manufacturing as indicative of wage experience of wage earners as a class, remembering, however, there were important groups substantially worse off, and some enjoying relatively higher wages.

New South Wales

By necessity rather than choice, data presented as yet relate only to Victoria. In New South Wales, factory inspectors' annual reports to Parliament did not generally contain wage material and hardly ever do the inspectors refer to wage incomes. Wage data contained in colonial/State Statistical Registers are extremely difficult to handle in any systematic way.

1

See Table 9 for teachers and Table 18 for railwaymen.

From 1890 to 1914 the content, form and presentation of such data changed five times:¹ from rates with wage spans to average rates, back to rates with wage spans, and finally to average weekly wages.²

Yet it was considered necessary to somehow test the hypothesis that just as the trend of manufacturing wages was roughly representative of that for Victorian wage earners in general, so Victorian wage experience was not markedly dissimilar from that of New South Wales. Resort was therefore made to two series: the first 1891 to 1900 being the Butlin wage series for New South Wales,³ and the second an average weekly wage series calculated from the annual wages and total manufacturing work force series published in Statistical Registers from 1901. In the latter series, total annual wages paid in manufacturing were divided

1

1892, 1894, 1899, 1900, 1906.

2

From the immense volume of average wage data published in the Statistical Registers from 1901 it is certainly possible to construct a useful weighted average weekly wage series for each main manufacturing industry, but the task is formidable and quite beyond the time resources available for the present study.

3

This was compiled from 'a detailed computation of all available money wages rate series in each colony's Statistical Registers, weighted by Census groups of the major components of blacksmiths, engineers...masons, carpenters,...' (1901 weightings). 'The rates taken are, in all cases, the average of ranges quoted'. Butlin, 'Australian Domestic Product...', p.157.

by the average number of persons employed, the average yearly wage being then divided by 52 to give a crude average weekly wage. There being no annual wage data for 1900, and the Butlin series ending in this year, all manufacturing wage data available in Statistical Registers and Year Books was processed to extend the latter series into the first year of the century, thus providing an index number with which to join the two series.

The objections to using this method of producing a time series of money wages may almost be countless, and it would be foolish to defend the New South Wales data, apart from claiming them to be useful in showing trend movements to set against Victorian experience. The whole series is shown in Table 6. Perhaps one comment is apt. It is improbable that money wages in New South Wales continued their downward course to the end of the nineties as the Butlin series suggests. If the Factory Inspector's Reports based series are a jot superior to Butlin's series compiled from wage rates, the Victorian experience shows average money wages to have commenced recovery from 1896, although the fall in wage rates (and therefore Butlin's Victorian series) was not halted until 1899. It may well be that this earlier recovery applied equally in New South Wales, and would indicate a need for an upward readjustment of all the wage figures given for the years 1896 onwards.

TABLE 6

AVERAGE WEEKLY MONEY WAGES: NEW SOUTH WALES
(Males and females combined)

	<u>£</u>	<u>Index</u>
1891	1.12.11	926
1892	1.11. 7	887
1893	1. 9. 5	827
1894	1. 8. 5	800
1895	1. 7.10	782
1896	1. 8. 2	791
1897	1. 7.10	782
1898	1. 7. 6	773
1899	1. 6. 7	747
1900	1. 6. 7	747
1901	1. 8. 9	808
1902	1. 9. 6	828
1903	1. 8. 5	797
1904	1. 8.10	811
1905	1. 7. 8	777
1906	1. 7. 8	777
1907	1. 9. 7	831
1908	1.11. 2	876
1909	1.12. 2	904
1910	1.13. 6	942
1911	1.15. 7	1000
1912	1.18. 7	1084
1913	2. 0. 6	1138
1914	2. 1. 7	1174

Effective Wages

The previous section has been concerned explicitly with money wages which, for the purposes of comparing living standards over time, ought to be translated into

'effective' or 'real' wages. The money wage series for Victorian manufacturing has been deflated by the 'A' series Retail Price Index (Melbourne) for 1901 to 1914,¹ linked to the N.G. Butlin's series for Victoria 1891 to 1900² (the geographic discrepancy is more apparent than real, the Butlin series for Victoria being compiled almost entirely from Melbourne price data). As there is no overlapping index number, linkage was achieved by averaging the difference between the Sydney and Melbourne indices for the years 1897, 1898 and 1899 and applying the same ratio to 1901, thus providing a link year on which to latch the Labour Report index. (A through prices index for Sydney was provided by Roland Wilson in Capital and Terms of Trade, p.97). A rough check was made by comparing the resultant price movement in the linked series, for 1900 to 1901 with that of the Melbourne Wholesale Price Index. In both series, the change was approximately 7 per cent.

Justification for using this admittedly inadequate deflator is simply that it is all we have, and short of going to original sources to estimate prices, e.g. advertisements, etc., and given the paucity of information about consumption patterns during our period, all we are likely to have.

¹ Labour Report No. 6, 1915.

² Butlin, Australian Domestic Product..., p.158.

One of the most serious shortcomings of these price indices is that they claim to measure changes of prices of only about 60 per cent of wage earners' total consumption, and assumed prices of the residual items moved in a like manner. For the years before 1914 there is no information to test this assumption. We cannot even argue by analogy with the 'C' (all goods) series, as before 1949 the Commonwealth Statistician made no detailed studies of residual items other than clothing. For what little help it can be, since 1949 prices of the other 40 per cent moved roughly in line with food, groceries and rent.

We can say no more than that, whilst far from accurate, the 'A' series gives some indication of relative prices of most essential commodities consumed by wage earners, and that if the residual items were more price stable than food and rent, the effect would be a smoothing of sharp fluctuations, but no radical alteration in general trends.

The New South Wales money wage series, was deflated by the same method used for Victoria. Both effective wage series are shown in Table 7.

Unemployment

As there are no reliable figures of unemployment for the period covered by this study, an attempt was made to construct such a series from population data (census and Demography Bulletins) and Statistical Register manufacturing employment data for Victoria.

TABLE 7
AVERAGE EFFECTIVE WAGE INDICES: MANUFACTURING

	<u>Victoria</u> (Males)	<u>New South Wales</u> (Males and Females)
1891	826	981
1892	882	953
1893	891	913
1894	965	1000
1895	991	997
1896	843	992
1897	751	994
1898	733	988
1899	858	875
1900	883	923
1901	852	933
1902	847	871
1903	857	857
1904	867	959
1905	855	855
1906	867	858
1907	900	925
1908	863	917
1909	910	942
1910	909	976
1911	1000	1000
1912	946	974
1913	982	996
1914	938	1003

Whilst these calculations gave some impression of changes in the level of unemployment, there were obvious discrepancies which seriously reduced the usefulness of the series. The results are shown in Appendix 1.

An alternative method was to calculate estimates of unemployment from general trade union figures, engineering unemployment, and population (census) data.

Customarily in Australia, estimates of unemployment have been culled from returns submitted periodically by the trade unions, but even after 1912, when the coverage becomes sufficiently comprehensive to ensure some confidence in the statistics, questions of reliability remain.¹ Such doubts are magnified in earlier decades. Yearly aggregate trade union unemployment figures commence only in 1906; before this there are just single-year figures for 1891, 1896 and 1901, and as there is no way to disaggregate this data their representative character cannot be checked in any way.

However, by combining census data, general trades union estimates,² and engineering unemployment³ we have produced a synthetic series which may roughly indicate the proportion of the manufacturing work force unable to find work, but unwilling to move away from the urban areas. The first two sources are used to provide base dates, and the third for interpolation.

1

Colin Forster 'Australian Unemployment 1900-1940'.
Economic Record, September 1965, Vol. 41.

2

Labour Reports.

3

A.S.E. A.C. Monthly Reports.

To justify the base dates:

1891. Victorian census figures of	
manufacturing unemployment, males	6.5%
Engineering (Victorian branches)	
unemployment	8.3%
General trades union unemployment	9.3%

The differences are not necessarily as great as they may appear considering the census figure is for April, engineering an average for the year, and the general trades union figure for December. (This first-dated union figure may have been little more than a guess as to how many unionists were out of work).

Economic conditions worsened rapidly during 1891 and we would expect, first the average for the year figure to be somewhat higher than for a single (early) month, and more so with the December dated trades union figure. A reasonable figure for 1891 might be 8 per cent.

1896. The engineering (Victorian branches) figure for December of 9.2 per cent correlates fairly closely with the December-based general trades union figure of 10.8 per cent. We take the latter as more indicative of general unemployment.

1901. Victorian census figures of	
manufacturing unemployment, male	4.2%
Engineering (Victorian branches):	
April	6.6%
December	10.3%
General trades union unemployment	6.6%

Although the census (April) and trades union figures (December) match closely (the economy was turning down during the latter part of 1901, hence the somewhat greater figures for December), it is difficult to understand the higher December figure given for

engineering unemployment. We are probably best advised to take the 6.6 per cent figure as reflecting general economic conditions.

1906. Trade union figure, December	6.7%
Engineering (Victorian branches)	
unemployment for year	4.3%

In earlier years, trades union and engineering figures approximated to similar levels, but from about the middle of the 1900s, the labour market for skilled workers tightened, thus causing A.S.E. figures to be unhelpful for giving even a general indication of unemployment. This trend is confirmed by a recent study of the Australian printing industry, thus: 'After 1906 unemployment gradually fell off until it became almost negligible in the Eastern States'.¹ Hence the general trades union figure of 6.7 per cent is taken.

1911. Census, Victoria, April	4.5%
Trades unions, December	4.7%
Engineering	infinitesimal

We take the trades union figure of 4.7 per cent.

Intercensal interpolation for the period 1892-5 and 1897-1905 is by engineering (Victorian branches) figures, and 1907 onward by general trades union figures. The whole series is shown in Table 8.

The most serious weakness of this index is the appropriateness or otherwise of using engineering data

1

J. Hagan, 'A History of the Australian Printing Unions, 1850-1921', Ph.D thesis (submitted), A.N.U., 1966, p.227.

TABLE 8
SYNTHETIC UNEMPLOYMENT SERIES

	<u>Victoria</u>
1891	8.3
1892	17.6
1893	28.3
1894	24.9
1895	21.7
1896	10.8
1897	11.5
1898	10.2
1899	9.1
1900	5.3
1901	6.6
1902	11.8
1903	13.1
1904	11.9
1905	9.2
1906	6.7
1907	5.7
1908	6.0
1909	5.8
1910	5.6
1911	4.7
1912	6.7
1913	5.8
1914	14.1

Sources: Census report; Trade Union Unemployment in Commonwealth Year Book; A.S.E. Australian Council Monthly Report.

to estimate general manufacturing unemployment in non-base date years. In the first instance, it is not known what proportion of total potential members were,

in fact, organised by the A.S.E. and whether unemployment was higher or lower among non-union members. Secondly, and of more general interest, whether unemployment was higher in unskilled or semi-skilled manufacturing occupations than among craftsmen. On the credit side of using these figures is the evidently close correlation between A.S.E., general trades union, and census data at the base year points, although the correspondence between the former two figures may well owe much to the nature of trades union returns, especially as many would originate from the craft unions.

Unless major structural changes in the economy are happening, it might be argued that unemployment among craftsmen¹ would be as high as that among non-craftsmen; the former, because of physical and social status reasons, may have been less willing to move out of the urban areas, preferring instead to remain near manufacturing localities where job opportunities befitting their specialised skills were potentially available. Again unemployment benefits provided by some craft unions may have tipped the scales between

1

The supposition that engineering unemployment is reasonably representative of crafts generally is supported by estimates of unemployment in the printing industry in the early 1890s. Hagan suggests that in 1893, for example, 26 per cent of Melbourne compositors were out of work. Hagan, op. cit., p.433.

labouring or languishing, fossicking in the gold-fields or fulminating in the towns.

Conversely, employers may have more readily disposed of less skilled wage earners in bad times, particularly if by doubling up, craftsmen could be 'persuaded' to do their own and the work of the unskilled. Moreover, having a recognized and prized skill, craftsmen were more mobile and could move more easily to other localities or States where conditions were less difficult. In the mid-nineties, fitters and turners, for example, may have migrated in considerable numbers to booming Western Australia or across to New Zealand (in 1893, trans-Tasman migration numbers 10,000).¹

From a knowledge of the changes taking place in the structure of the Australian economy after 1891, it is most likely that skilled workers experienced less unemployment than unskilled and possibly the semi-skilled; in consequence the series shown in Table 8, if anything, understates average unemployment. Doubtless a more detailed study would be better able to quantify the extent and importance of this difference, but due to limitation of time, this study must be content with these very general indicators.

Graph I sets out the main indices calculated as described above. Because of the confusion of the early

1

J. Dowie, 'Inverse Relations of the Australian and New Zealand Economies, 1871-1900', Australian Economic Papers, 1963, p.175, Table 1.

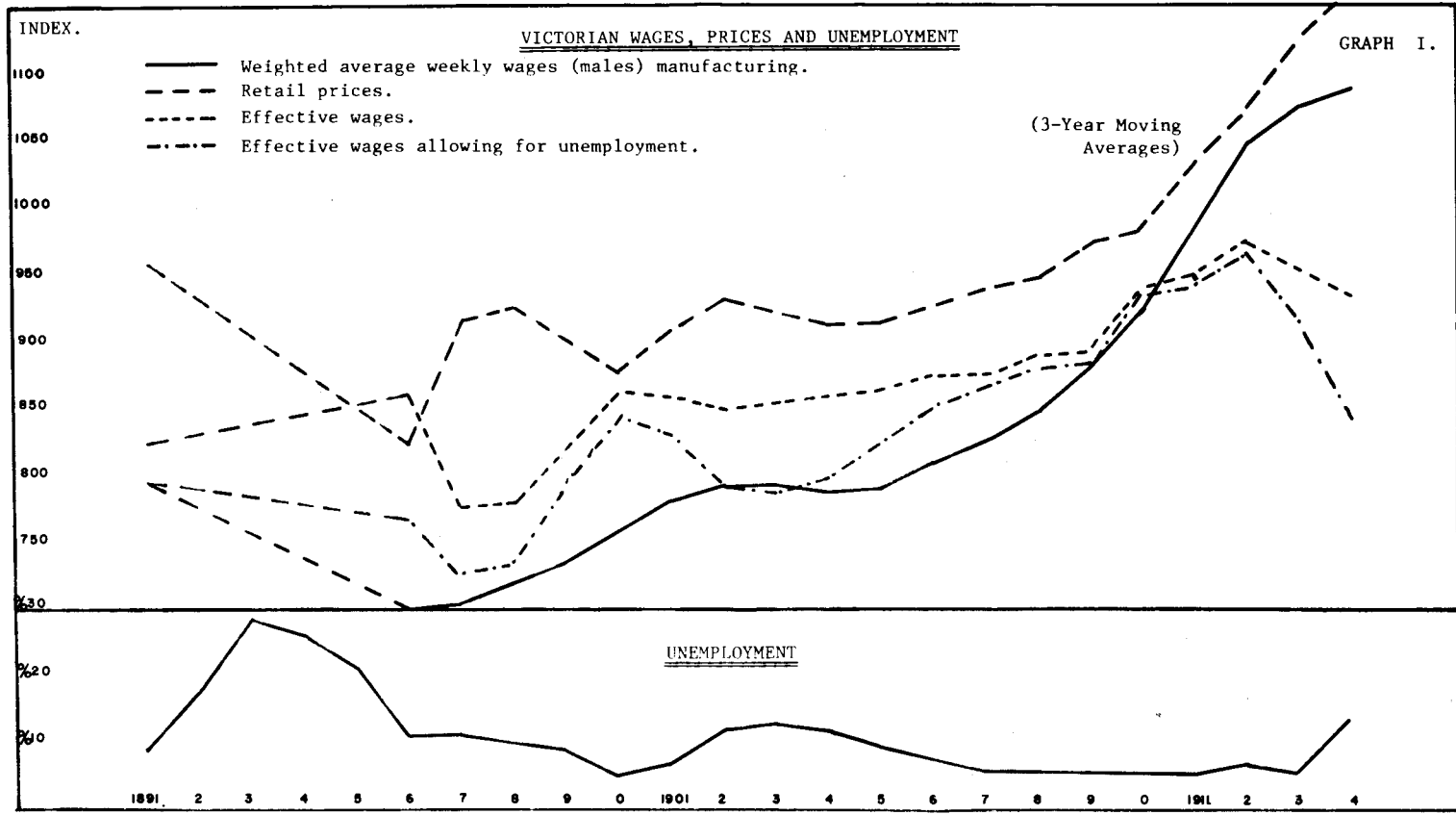


TABLE 9

TEACHERS ANNUAL EFFECTIVE SALARIES INDEX: N.S.W.

	<u>Principal,</u> <u>married</u> (800 pupils)	<u>Principal,</u> <u>married</u> (100-200 pupils)	<u>Principal,</u> <u>married</u> (20-30 pupils)	<u>Male</u> <u>Assistant</u>
1880	1116	1071	1012	779
1885	1000	962	910	697
1890	1074	1030	974	750
1891	1051	990	910	756
1892	1036	974	893	746
1893	1027	964	875	747
1894	1182	1110	1008	860
1895	1192	1115	1008	872
1896	1074	1023	973	935
1897	1087	1033	979	949
1898	1110	1061	1013	961
1899	1040	994	949	900
1900	1045	999	998	961
1901	971	978	930	980
1902	889	875	852	897
1903	939	946	900	948
1904	1001	1008	959	1011
1905	930	938	895	937

TABLE 9 (continued)

	<u>Principal, married</u> (800 pupils)	<u>Principal, married</u> (100-200 pupils)	<u>Principal, married</u> (20-30 pupils)	<u>Male Assistant</u>
1906	926	934	891	933
1907	930	940	966	978
1908	889	899	923	935
1909	880	891	916	923
1910	883	895	1017	923
1911	1000	1000	1000	1000
1912	899	899	899	899
1913	875	875	875	875
1914	822	822	822	822
1915	785	785	785	785
1916	739	739	739	739
1917	734	750	756	734
1918	716	725	754	765
1919	657	702	805	798
1920	729	888	974	946
1921	798	1006	1094	1067

Note. Figures supplied by B. Mitchell, Research Scholar, Department of History, A.N.U.

Salary data collected mostly from Annual Reports of Minister of Public Instruction (Parl. Papers), and other official publications.

Up to 1911 salary figures quoted include estimate value of rent-free house.

nineties and unreliability of the basic statistical material, especially that of retail prices, the years 1891-6 have been traversed by the conventional 'straight line'. It would be reasonable, nonetheless, to suggest that the fall in retail prices and house rents was probably of a magnitude that enabled those who remained in regular work, particularly government employees, teachers, railwaymen, etc., to benefit very considerably even though subjected to reductions in money wages.¹

The recovery of average weekly money wages from the lowest point in 1896 continued uninterrupted until the end of the century, although the 1891 level was not reached until 1901. During the next four years the return of heavy unemployment had a dampening effect on money wages which failed to improve even though the manufacturing sector as measured by total employment continued to expand (see Table 2). From 1905 the rise in money wages is unbroken, the pace of increase accelerating markedly after 1908.

If the price series is not wholly inaccurate, improvements in money wages from the mid-nineties were more than negated by sharp rises in the 'cost of living'. 'Effective' wages for those in employment fell very sharply from 1896, regaining this level again not before money wages rose and prices fell in the last

1

See again Tables 9 and 18.

two years of the century. From 1901 to 1909 effective wages settled on a plateau; in the first five years this being a reflection of unchanging money wages and the absence of really marked movement in prices, and the subsequent four years because the rise in money wages was almost wholly offset by rising prices. Though some slight advance is registered from 1907, only in the three years 1909-12 did money wages rise more quickly than prices, thus enabling real wages to advance. From 1913, accelerating price increases and a slowing of the growth rate of money wages reversed this trend and by 1914 real wages had fallen back to the 1910 level.

Taking account of unemployment, that is, measuring effective wages of what might roughly be judged as the total work force (as represented in this exercise by the manufacturing sector), conditions had fallen between 1891-1896. The most marked effect of changes in unemployment however was the 1900-6 period. For whereas money wages were fairly constant and the loss in effective wages for those in work was relatively slight, the estimates of effective wages allowing for unemployment imply a sharp decline until 1903 and only a slow recovery until reaching the 1900 level three years later. From 1909, figures for unemployment are fairly constant and only very marginally affect effective wages - until 1913 when the downturn in economic activity raised unemployment to 14.1 per cent, thrusting effective wages back down to the 1900 level once more.

It appears then that because of movement in retail prices and house rent, and the reappearance of high unemployment for considerable periods, wage earners as a socio-economic group had made little material progress overall from 1891 to 1914, although for a short period, 1909-12-13, higher effective wages were received. But this must be seen in a general background of long periods of unemployment and lowered wages. Even for those who held their jobs right through the period, the 1891 level was not clearly exceeded until after 1906.

In this last section we have perhaps impliedly taken male wages as the norm, or the measure of changes in Australian wage earners' living standards. As our period sees a change in the composition of the manufacturing work force - due almost entirely to the recorded¹ growth of female employment in clothing, printing and food and drink industries (as measured by Statistical Register figures), some account must be taken of supplementary incomes this change may have permitted. In 1891, females recorded as being employed in Victorian manufacturing numbered approximately

1

A part of the apparent increase in female participation in the work force was probably statistical, that is, that more small manufacturing establishments were being brought into the Statistician's yearly survey, thus recording a growing proportion of those females already in work.

10,000, increasing roughly fourfold by 1914. The percentage increase in female employment in these years was 263 per cent compared with 125 per cent for males.

Looked at another way, females comprised 16 per cent of total manufacturing work force in 1891 and 33 per cent in 1914. Yet to take manufacturing alone as a measure of females providing extra-male wage incomes could be misleading. For another characteristic of our period is a decided shift in the location of total female employment, a movement which reflects the changing character of the national economy. The general trend during this period was for a smaller proportion of the female work force to be located in domestic¹ and agricultural work,² and an increased proportion in professional, commercial and manufacturing sectors. However, the aggregate figures of female employment, both in total and as a proportion of all females, rose markedly in 1891-1901, continuing, though less strongly, in the next decade.

We can speculate whether this increase was due to changes in age composition of the population, to

1

Almost certainly there occurred a significant increase, both absolute and proportionate, in domestic work during the nineties, but the rapid growth of the clothing industry toward the end of the century served to attract females into manufacturing.

2
Reclassification of 'females in agriculture' some time during the 1900s makes any conclusions about changes in this sector highly speculative.

economic needs, to social causes, or to the structure of industry making more female-orientated jobs available; but for our purposes, the outcome rather than its cause is important as it permits the generalisation that some indefinable but not inconsiderable amount should be added to male wage earnings in thinking about relative family living standards.

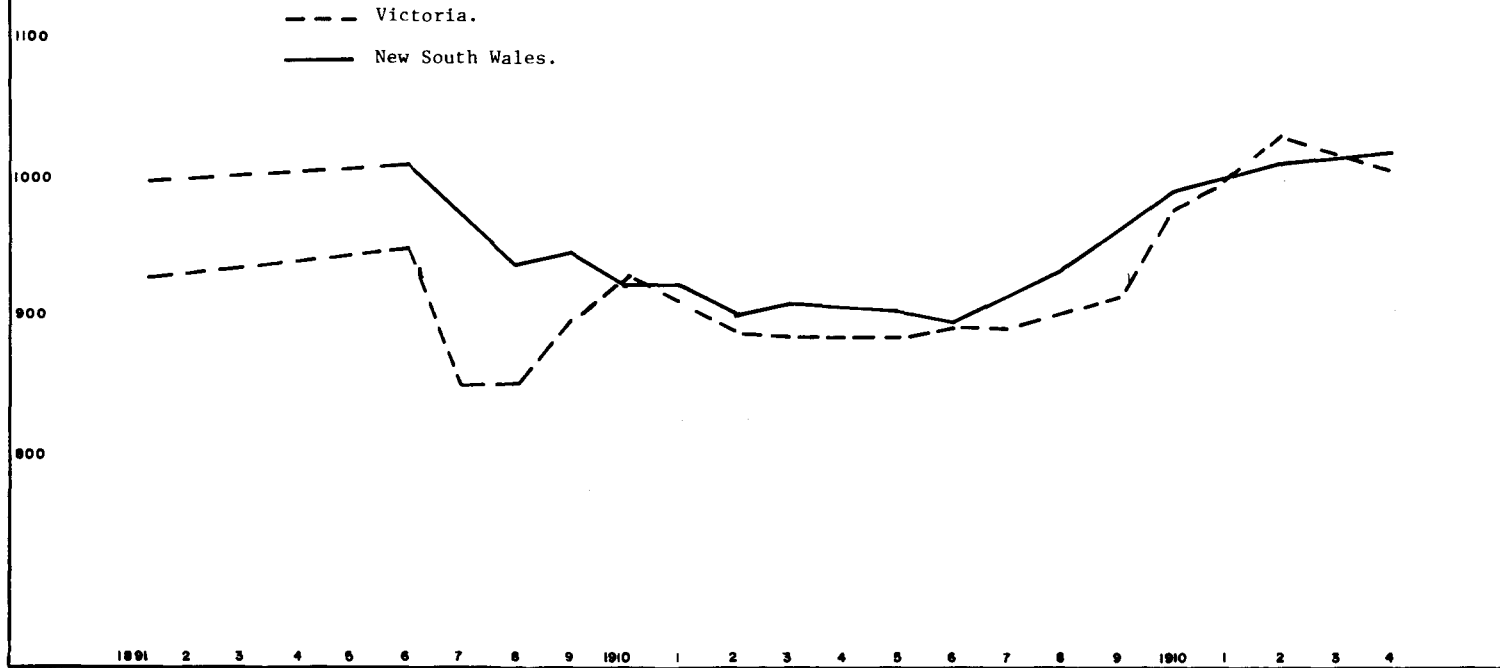
Comparison of Victoria with New South Wales experience is made the more difficult because of our need to rely on the wage series shown in Table 6. The problem is even more complicated by the New South Wales data being for both males and females as neither the Butlin figures nor the Statistical Register annual wage data (before 1909) gave separate figures for the sexes. It was necessary, to make even the most cursory comparison, to take the Victorian male and female combined series (Table 1, col. 5) to set against that of New South Wales.

Plotted together in Graph II the two series suggest that Victoria and N.S.W. shared rather similar wage experience especially after Federation when, with the removal of internal trade barriers, we might expect that Australia was moving slowly towards a more integrated national economy.

The earlier period is harder to understand and the problem is made no less difficult by the suspect character of the statistical material used to prepare the indices. Perhaps the sharper fall in real wages in

EFFECTIVE WAGES, VICTORIAN AND NEW SOUTH WALES
MANUFACTURING MALES AND FEMALES

(3-Year Moving Averages)



Victoria from the middle of the decade was due to a faster rise in prices here than in N.S.W.¹ The apparent disparity between the two colonies/States' wage levels in the nineties relative to 1901-1914 is most likely only the result of differences in data used for the two halves of the N.S.W. series. From the description of the Butlin series it seems that highly paid building workers were included, which alone would raise the general average wage above one comprised solely of manufacturing wage earners. Furthermore, though some female wage earners were included in the Butlin series, their number and influence on the general average wage may have been understated. It is not clear either whether juveniles were included as they were in the 1901-1914 series.

A further factor likely to invalidate comparability between the two series is the change in female participation in the manufacturing work force. Table 10, however, suggests the growth in female participation to be rather similar in Victoria and New South Wales, although the former State continued to provide manufacturing job opportunities in greater numbers.

If the paucity of data and inadequacy of methods used do not wholly render nugatory the series compiled, it may be possible to use the three series separately

1

Butlin, Domestic National Product..., p.158 Table 78, columns 2 and 11.

TABLE 10

FEMALES AS PERCENTAGE OF MANUFACTURING EMPLOYMENT

	<u>New South Wales</u>		<u>Victoria</u>	
	<u>%</u>	<u>Index</u>	<u>%</u>	<u>Index</u>
1890	10	100	15	100
1891	N.A.		16	
1892	11		18	
1893	6		20	
1894	8		23	
1895	9	84	25	121
1896	13		27	
1897	14		26	
1898	15		27	
1899	15		29	
1900	17	225	29	210
1901	18		32	
1902	18		32	
1903	20		34	
1904	21		34	
1905	22	353	34	311
1906	23		34	
1907	24		35	
1908	24		35	
1909	25		34	
1910	24	534	34	409
1911	24		33	
1912	24		33	
1913	23		33	
1914	23		33	
1915	25	575	33	440
1916	25		35	
1917	25		34	
1918	24		34	
1919	24		33	
1920	24		-	

Sources: N.S.W. and Victorian Statistical Registers.

and combined to provide a setting for the main discussion of the wage earners experience both as individuals and as a socio-economic class. Briefly, the estimates of wages, prices, and unemployment suggest that very limited improvement had occurred since the turn of the century. The Harvester Judgment came just after a further period of high unemployment during which it could reasonably be believed wage earners' bargaining strength, individual and collective, was again seriously reduced. The unskilled probably fared worst of all. From this general picture of the economy and an appreciation of institutional problems to be discussed later, there is little to suggest that their wage conditions had improved at all since 1900, and possibly since the mid-nineties.

Wages and National Income

We need now to look at wage levels and derived living standards for the wage earning class in the context of the national economy to appreciate the moods, attitudes and policies of the various individuals and groups concerned with wage determination. According to our series, effective wages returned to the 1891 level before or soon after Federation, maintaining approximately this level until 1909. In contrast Gross Domestic Product (per capita population), the best measure of national income we have, fell considerably more than average male wages; remaining lower, though progressively less so, until 1904-5 (effective wages allowing for unemployment) and

1907 (effective wages). Graph III shows the three most relevant series, each smoothed by three-years moving averages to make clearer general trends rather than yearly fluctuations. If 1891 can be taken as a point of comparison for the purpose of estimating the level of wage earners' incomes relative to per capita (population) national income, this former relationship, featuring an exceptionally high wage level, was perhaps re-established some time between 1904-5 and 1909.

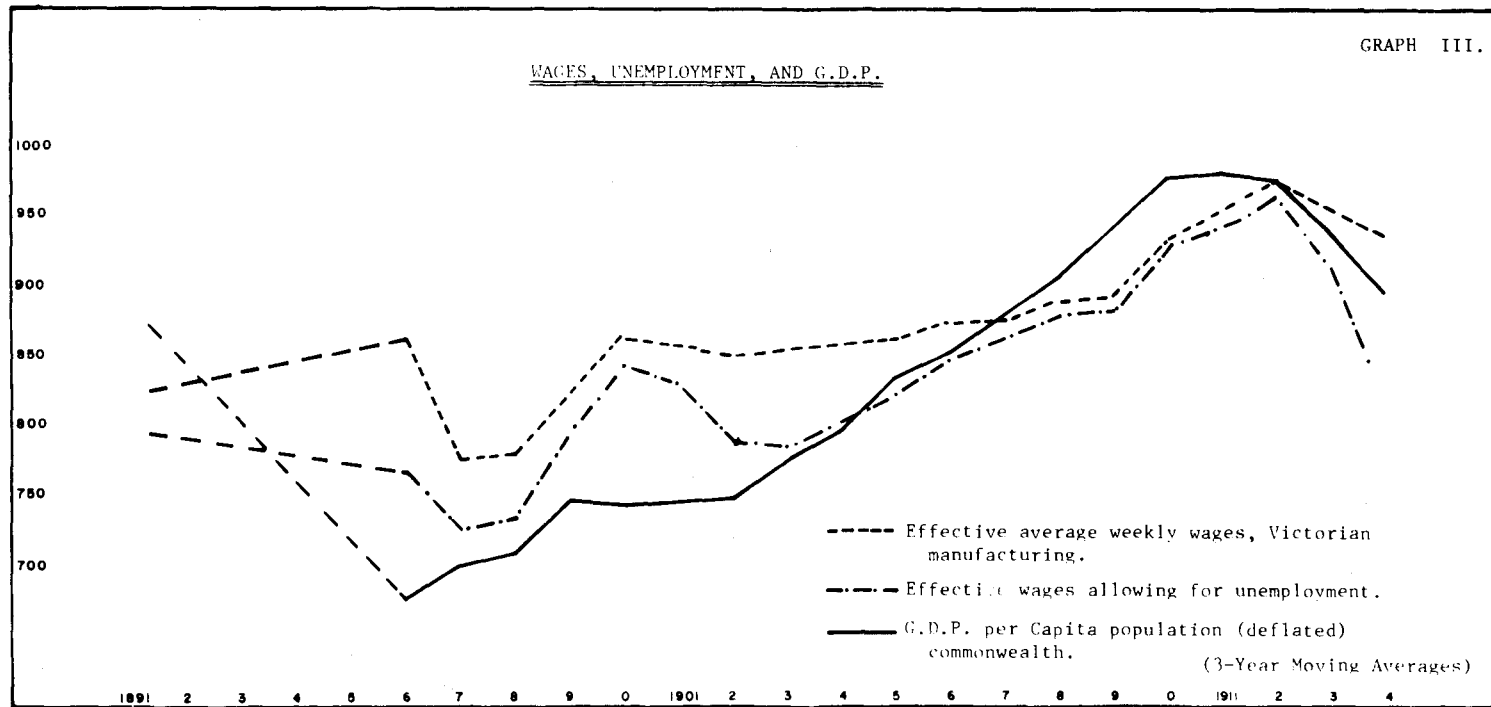
Tracing changes in the share of national income going to various groups of income receivers is decidedly tricky. For these early years the difficulties are compounded by the almost complete absence of information on income distribution. Worse, we can measure State wage data only with national G.D.P., there being no disaggregation of the latter series. Possibly the only crude test we can apply is to estimate changes in the share of wages in value added in manufacturing. For New South Wales manufacturing only we have value estimates of goods produced, cost of materials, and total wages. Coghlan's yearly estimates for 1891 to 1901¹ have been linked with the Statistical Register data first supplied in 1903. (The 1902 figure is a simple average of 1901 and 1903). Graph IV shows wages as a proportion of value added holding to a 50+ level until 1898 (the decline of effective wages setting in a year

1

Located in various places in yearly editions of the Wealth and Progress of New South Wales.

WAGES, UNEMPLOYMENT, AND G.D.P.

GRAPH III.



NEW SOUTH WALES MANUFACTURING.

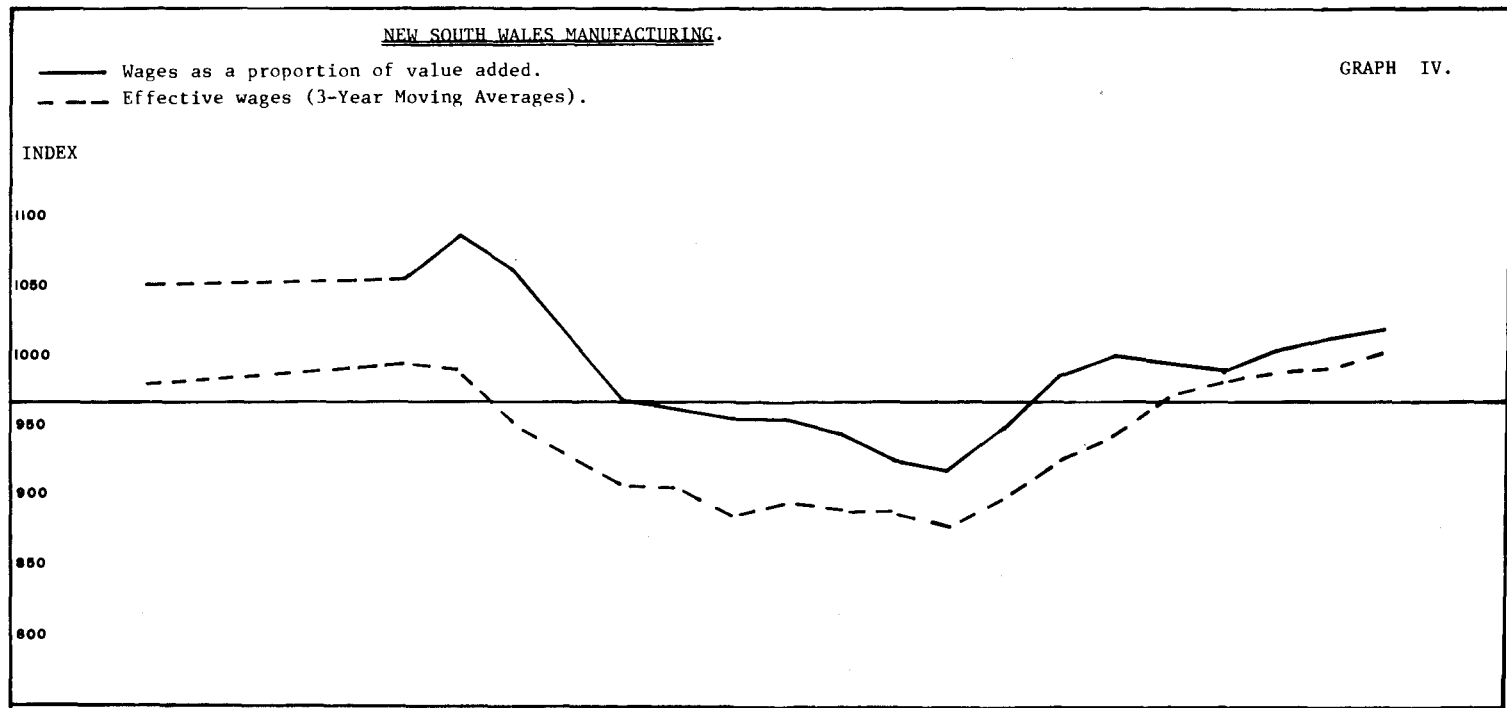
GRAPH IV.

— Wages as a proportion of value added.
- - - Effective wages (3-Year Moving Averages).

INDEX

1100
1050
1000
950
900
850
800

1891 2 3 4 5 6 7 8 9 0 1901 2 3 4 5 6 7 8 9 0 1911 2 3 4



earlier), slumping to 50- until 1906, wages following a similar course; and both series recovering thereafter.

It will be noticed that the value added series has been compared with the N.S.W. all-employees wages series; and as is mentioned elsewhere, we cannot give separate data for males and females in this State. In the light of the Victorian all-employee series, we would expect a N.S.W. wages index not to decline in money terms after 1896-7, thus lifting the whole series after this date. Moreover, as already suggested, the two halves of the N.S.W. wages series are not fully comparable, and should largely explain the apparent high level of wages in the first half of the nineties compared with the nineteen hundreds. Nonetheless, even given a possible lowering of the whole 1891-1900 section and raising of the 1897-1914 section there would yet be a degree of correlation between changes in the level of average real wages and the share of value added going to wages.

In general terms, wage earners' incomes seem to have been affected (relatively) less than other groups during years of depression, the positions reversing as the national economy became more buoyant after 1898. Possibly such behaviour is understandable, in part, by what has been termed 'conditions in the market environment'. Generalising on British experience, Phelps-Brown postulates there to be varying conditions in the market milieu, simplified for the purpose of analysis to the categories 'soft' and 'hard'. He

suggests there were periods when the 'prostration of the trade unions...was not accompanied by any shift adverse to wages perhaps because a 'hard' market environment kept selling prices pressed down on costs'.¹ And equally in times when trade unions were relatively strong, 'soft' market conditions militated against organised wage earners, bringing about an increase in the share of value added going to wages. Australian experience in the two decades under discussion may be explicable in these terms. For much of the depression and the early years of recovery, prices (as best we can measure them) fell farther than wages, indicating perhaps limited scope for sellers to raise or even retain existing prices. (Price competition in the contemporary Australian economy, heightened by the dissolution of some price-fixing agreements in the worst years of depression (the coal Vend for instance) probably acted against sellers' ability to maintain customary profit margins).

After 1897, market environment conditions approximated closer to Phelps-Brown's 'soft' category. Prices rose more consistently to 1901 and after 1905, and this greater degree of price flexibility may have been the result of, for N.S.W., increases in tariff protection, and for Victoria, the wider (national)

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E.H. Phelps-Brown, 'The Long Term Movement of Real Wages' in The Theory of Wage Determination, edit. J.T. Dunlop, London 1957, pp.63-4.

market for her industrial products. For both, rising economic prosperity may have conduced to greater ease in adjusting prices to costs. A further contributory cause may have been the attitude of trade unions whose prime characteristic during these years was eschewing industrial action, preferring instead wage adjustment by wages boards and/or compulsory arbitration.

At this point, two tentative conclusions might be made: first, that in general, wages, prices and unemployment data point to wage earners' incomes falling less than other incomes; that non-wage earners may have borne a greater proportionate share of the substantial reduction in per capital national income. Secondly, that national income and what fragmentary value added data are available, whilst supporting the generality of our first conclusion for most of the nineties, indicate a relative worsening of wage earners' positions vis-a-vis other income groups for the decade of recovery - 1898-1908 - always remembering a further relativity, that the longer movement reflects the 'corrective' swing back to a pre-depression distribution of national income.

This being so, we can appreciate the cause of the unions' assertion that somehow wage earners were being deprived of their 'rightful share' of rising prosperity. The explanation may be, however, that judgments were made, understandably, in the light of observable

experience,¹ the longer-term readjustment in national income distribution being a phenomenon which can be detected only from hindsight. Thus the long period of wages marking time was one of reallocating shares back to what might be considered normalcy; when all sectors are receiving economic rewards which, in the very long term, sustain a balance in the general economy.

Job Opportunities, 1871-1911

It remains to consider one further circumstance before moving on to a discussion of wages paid for unskilled work. Necessarily, as yet, we have mostly referred to wage earners as an homogeneous group, assuming that all shared the same wages experience throughout the whole period. In fact, employment conditions varied considerably, reflecting difference in supply and demand factors in the labour market.

As a prelude to disaggregation we might briefly summarise earlier conclusions. In pre-depression years labour shortage, heavy capital formation and foreign borrowing, concentration on highly productive industries, supplemented by the ability and willingness of both governments and prosperous private enterprises to pay high wages, gave Australian workers generally a high material standard of living. And the type of capital investment and private enterprise activity

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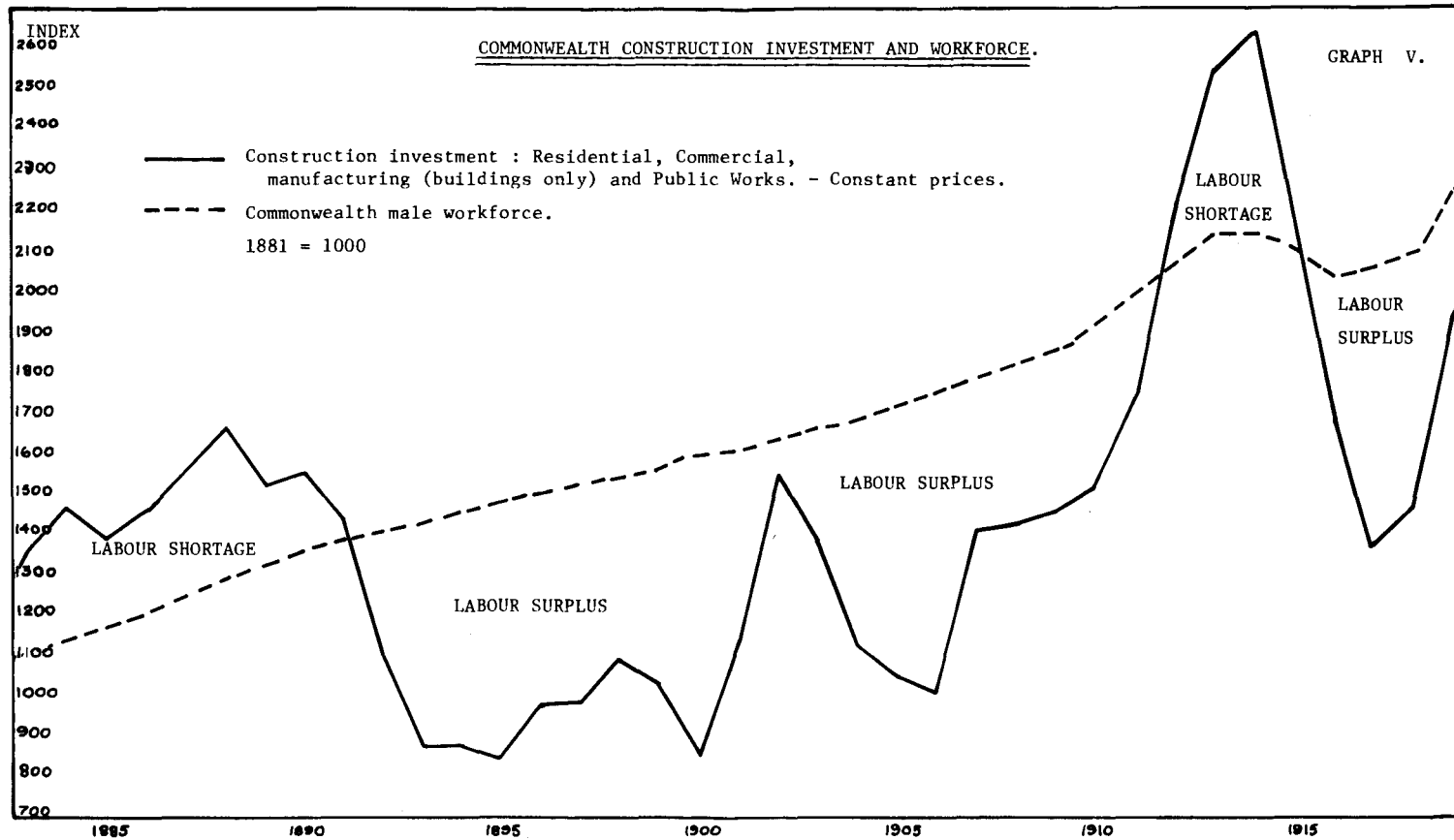
E.g., Q.W., 20 September 1902 (Shipowners, etc.); Official Report of the Federal Trades Union Congress, Melbourne, February 1907, p.23.

generated an inordinate demand for unskilled or semi-skilled labour.

In the 1890s, conditions were reversed. All labour was plentiful, capital formation slackened, some economic resources moved to less productive industries, and governments were not able to materially influence general wage conditions. The 1900s saw a continuation of these general conditions, though revived economic activity created more jobs for workers other than the unskilled.

Some crude measure of the impact of fluctuating capital formation on job opportunities may be attempted by the use of gross domestic capital formation and work force data.

Graph V presents (a) a time series for the Commonwealth male work force, calculated from Demography Bulletin annual population figures, and the percentage of breadwinners (of total males) at each census date interpolated, assuming changes at constant proportions; (b) an index of Commonwealth construction investment, being an aggregate figure for residential, commercial, manufacturing (building sector only) and public works. These specific investment sectors have been selected as approximating closest to the areas of economic activity where we can best correlate investment with the demand for labour. The divergences of the two series illustrate, though in the crudest form, the dimension of changed fortunes in the labour market. Reduced job opportunities offered in these



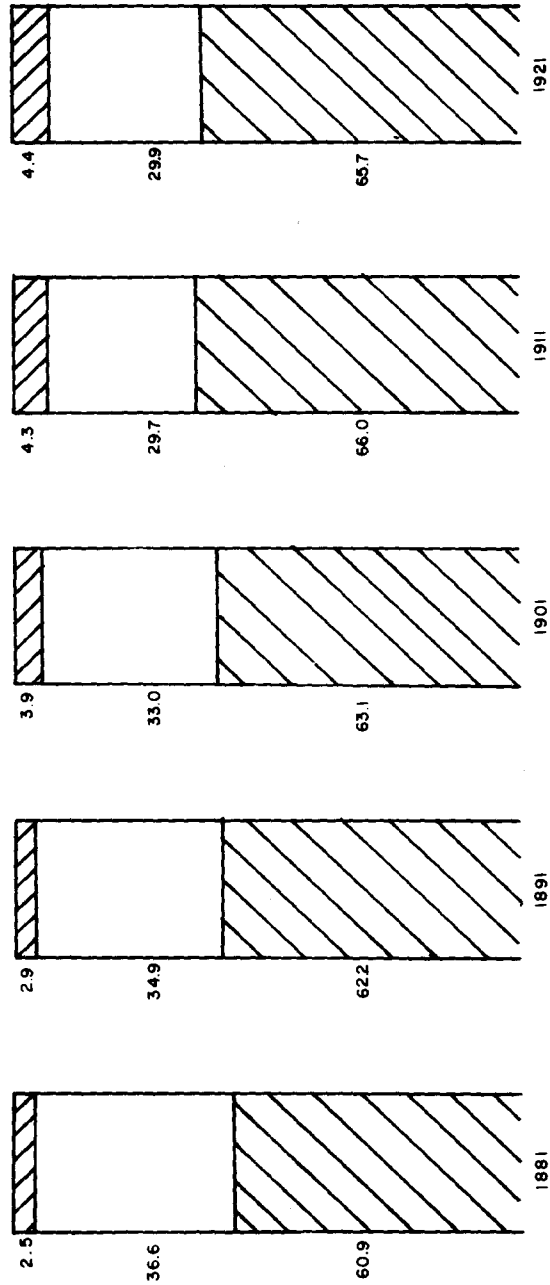
sectors probably resulted in intense competition, among those so displaced, for work in other sectors. Yet, despite male breadwinners as a proportion of total males (Commonwealth) rising from 63.93 (1891) to 64.92 (1901) and 67.74 (1911), Victorian unemployment had fallen from 5.1 to 3.54 and to 5.03 respectively. And for New South Wales comparable figures were 5.1, 4.7 and 3.95. By some means therefore, it would appear that at the census dates at least, most of the available male work force had succeeded in finding gainful employment despite a continuing low level of public works activity and general stagnation in construction.

Of intercensal years we can say very little, other than that demographic factors may have induced a sharp increase in the numbers seeking jobs during the middle years of the 1900s. During the eighties, marriage rates and birth rates rose considerably - a phenomenon which might have been expected to increase the proportion of dependants to breadwinners for most of the nineties, and, conversely in the nineteen hundreds. Graph VI sets out the proportion of population in three main age groups, the second of which corresponds roughly with those likely to comprise the work force. Possibly, somewhere during the 1900s there occurred a spurt in the proportion of the male population of working age.

We appear at this point to be faced by an apparent paradox. Capital investment, work force, and demographic data indicate the continuance of a buyers'

GRAPH VI.

TOTAL POPULATION (COMMONWEALTH) BY AGE GROUPS.



labour market, yet census and wage data point to an opposite conclusion, that is, the recovery of full employment and pre-depression rates of pay imply labour market conditions at least similar to pre-depression years.

An important factor to notice is that coincidentally all three base point census years were ones of prosperity; 1891 the last of many years of considerable capital investment and labour shortage; 1901 the peak year of the turn-of-the century boom; and 1911, the high point of the pre-war boom when per capita national income in real terms was greater than at any previous time in Australia's history and higher than at any subsequent year until after the second world war.¹

Thus census employment data are highly unrepresentative of the decades between.

Yet much of the labour made redundant by severely pruned public capital formation, general private construction, mining, and possibly the pastoral industry had been reabsorbed at these dates, and this was facilitated by changes in relative wages and the growth of certain other sectors. For most of the nineties the super-abundance of all grades of labour caused a general fall in its price. Those unions which continued in existence attempted to maintain the

1

Infra, Table 26.

fiction of minimum rates,¹ but even the wealthy A.S.E. in 1893² was compelled to accept a cut of 5 per cent in wages, a reduction not regained until 1898-9.³ More typical than this formal lowering of union rates was the general practice of working for whatever wages could be obtained. 'Practically all trade union conditions were relaxed, and the members left free to accept employment at any rates of wage they could secure....'⁴ In the building trade 'the recognized wage for a bricklayer [was] 7/- a day', and even then employers switched to piecework and 'we did not average 30/- a week'. The Secretary of the Bricklayers Union recounted: 'I just worked for what wages were going the same as anyone else...we had to take it'.⁵ And again in iron moulding 'men being unable to find employment were willing to work for a less rate of wages at that time [1890s]. Times were so bad, men were compelled to take any pay they could get'.⁶ At the same time

¹ T.A. Coghlan, Labour and Industry in Australia, Oxford 1918, pp.2018-9, 2027, 2066.

² Application of H.V. McKay..., p.428.

³ Tocsin, 21 July 1898.

⁴ J.T. Sutcliffe, A History of Trade Unionism in Australia, W.E.A. Publication, Melbourne, 1921, p.80.

⁵ Comm. Court, The Australian Boot Trade Employees Federation v Whybrow & Co. and Others. (1910) Transcript, Vol. 1, p.419.

⁶ Application of H.V. McKay, op. cit., p.461.

bricklayers' labourers' wages had fallen to 5/- a day, a rate which 'lasted a good many years'.¹ In the furniture trade, piecework was imposed with the result that 'Some of the fastest men would draw 30/- and perhaps 32/6, but the majority of the men received 30/- and less'.² Accounts of all grades of manual labour working for very low wages are recorded in Labour Council minutes, labour newspapers and transcripts of arbitration hearings which confirm the radical reduction of wages and conditions of work. Moreover, as with the building and furniture trades cited above, methods such as 'lump work',³ 'control system'⁴ and the 'task system'⁵ were introduced to force the pace of work.

As the economy strengthened in the late 1890s and again after 1905-6, the supply of certain types of labour tightened, thus pushing up its price.⁶ But this

1

Ibid., also The Builders' Labourers' News, October 1916, article entitled 'Retrospect of a Labourer's Life' by J.T. Sullivan.

2

Application of H.V. McKay, op. cit., p.461.

3

Ibid.

4

T.H.C. 22 February 1895.

5

Ibid., 23 March 1900, also Tocsin, 7 February 1901 and 30 May 1901.

6

We are not here concerned with influences such as a rejuvenated trade union movement - a topic to be examined in Chapter 3.

rebalancing of pressures in the labour market applied primarily to skilled wage earners. An expanding manufacturing sector created increased demand for skilled labour, and for different skills as various industries were subject to reorganisation and/or mechanisation. Since Australian industry at the time was not especially orientated to producing for itself the substantial and needed expansion of skilled workers (technical college training was in its infancy), and the 1900s are years when immigration failed to resume its earlier role of partly filling gaps in the labour market,¹ economic factors alone would have brought about an upward readjustment of the price of skilled labour.

Little, if any, of this changed circumstance applied to the unskilled. Referring again to Graph V, the industries chosen to set against work force data were those, not only having a high and roughly constant capital-labour ratio, but more importantly, those providing job opportunities for unskilled wage earners.²

Indeed, the central problem of the 1890s, 1900s and possibly though of lessening importance in the 1910s was the serious malcomposition of the labour force relative to existing job opportunities. Before

1

N.G. Butlin, Investment in Australian Economic Development, 1861-1900, Cambridge 1964, pp.392-5.

2

N.G. Butlin, The Shape of the Australian Economy..., p.152.

the nineties the work force was weighted heavily in favour of the unskilled - one suitable to meet the labour needs of a mainly construction and extractive economy. The severely curtailed programme of public capital formation until 1909 and again at the outbreak of war, and the even greater diminution of private construction work and the movement of labour from mining (in the 1900s) resulted in a changed national economy in which unskilled labour was of less importance.

At the time, both Coghlan and Wise sensed the nature of the change and the consequent growing vulnerability of unskilled workers. Their foreboding was not without substance. Whilst general unemployment was the most urgent social problem in Australia during 1892-1907, and concern for those out of work was expressed ceaselessly in all means of public debate and popular demonstration, invariably contemporary commentators picked out for special mention the continuing surfeit of unskilled labour. An early indication of the developing trend is noted by Coghlan who related: 'In 1888 and 1889 the completion of various large public works threw out of employment some 12,000 men, no inconsiderable proportion of the unskilled of the country',¹ continuing, 'So far there has been no reduction in the nominal rates of wages in most trades,

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The Wealth and Progress of N.S.W., 1890/1, p.689.

but for unskilled labour the rates have experienced a decided decline'.¹

Conditions of the unskilled deteriorated in the mid-nineties and by 1897 concern reached the point where demands were made for a Royal Commission on Unemployment. Speaking in the debate, Mr Schey (M.L.A., Free Trade, Federal National Party) described how 'without exaggeration there were 2500 men there [the Labour Bureau]...many of whom were literally... climbing over the heads of others in an endeavour to get into the labour bureau in order to obtain the chance of having five days work at 5s. a day'.²

Another member added: 'unemployment was far worse among the unskilled', believing 'The trouble has no doubt arisen from the sudden stoppage of expenditure of a large amount of loan funds on public works'.³ Asked 'if it were not true that most of the unemployed were unskilled', Mr F. Cotton (M.L.A., Liberal, Free Trade) replied 'The class of men mostly out of employment... are unskilled labour...who used to be principally employed on Government works....'⁴ Three years later Mr W.A. Wilks (M.L.A., Liberal, Free Trade) noted 'The

1
Ibid.

2
N.S.W. Parliamentary Debates, Vol. 87, 1897, p.1050.

3
Ibid., p.1080.

4
Ibid., p.1065.

difficulty today...is the strongest in regard to those who are unskilled', and misunderstanding the causes of continuing unemployment for this grade of labour, thought 'the unskilled, owing to their numbers have not the power of organisation and union which skilled workers have and consequently have not the same influence in obtaining or enforcing employment'.¹

The First Report of the Unemployed Advisory Board (for 1899) confirmed 'that amongst the large number of men at present unemployed the proportion of skilled labourers is very small, the great majority...being of a class usually termed "unskilled labourers"',² whilst the Second Report (1900) spoke of '87% of the inmates of the charitable asylums referred to belong to the unskilled class of labourers'.³

The only quantitative statistical material found as helpful in measuring the phenomenon of a disproportionate percentage of unemployed being unskilled is contained in the New South Wales Government Labour Bureau Report of 1900. Listed are all 'Trades and Occupations of Registered unemployed for the years 1896 to 1900'. If carters, generally useful men, labourers, station hands and other unskilled groups are extracted, the proportions of

¹
Ibid., Vol. 103, 1900, p.905.

²
N.S.W. Votes and Proceedings, 1900, Vol. 6, p.4. See also pp.11, 13 and 22.

³
Ibid., p.28.

these to the totals are: 1896/7 = 56.5 per cent, 1897/8 = 61.3 per cent, 1898/9 = 58.2 per cent, and 1899/1900 = 66.6 per cent.¹

This deep concern for unemployed unskilled labour continued right through the 1900s. It is not surprising that at meetings of the New South Wales T. and L.C., though general feeling and resentment was shared by most delegates, it was usually the representatives from the United Protective Labourers Society who led the agitation for government to provide work for the unskilled, organised public demonstrations and mass rallies, and pressed Labour Members of Parliament to ensure government departments set and enforce a minimum rate of wages for the unskilled at the high 1891 level of 7/- or 8/- per day, and finally to curtail immigration while the abundance of unskilled labour prevailed.² This latter consideration may not

1

Ibid., pp.738-9.

2

F.K. Crowley, 'The British Contribution to the Australian Population, 1860-1919', *University Studies in History and Economics (West Australia)* July 1954, pp.65, 81-82; also B.H. Morgan, The Trade and Industry of Australasia, Report of the Special Trade Commission, 1908, London 1909, p.72. For unionists' attitudes to assisted immigration see T. & L.C. 10 May 1900, 16 November 1901, 2 January 1902, 17 April 1902, 20 February 1902, 21 May 1903, 8 December 1904, 28 September 1905, 1 February 1906, 17 January 1907, 7 February 1907, 14 February 1907, 18 April 1907, 8 February 1909, 10 June 1909. T.H.C. 28 May 1903, Official Report of the Federal Trade Union Congress, Melbourne, February 1907, p.13. For further consideration of the effect of the abundance of unskilled labour on wages see Chapter 2, pp.150-3.

have been of practical importance in the 1890s and 1900s, but the very large influx of migrants 1909-1913¹ and the possible reluctance of many to take or stay in rural work added further pressure on wages offered for unskilled work in the urban areas.²

If it were the case that shifts in importance of different sectors of the economy had caused disproportionately and continuous high unemployment among those trying to obtain unskilled work, it is useful to examine the occupational structure of the work force to see where or how some of these were reabsorbed.

Table 11 sets out the proportions of the work force employed in the main occupational sectors. In the tertiary sector we can observe percentage increases in professional, commercial, and transport, and contemporaneously, a decline in domestic work throughout the period 1891-1921. Whilst few persons looking for unskilled work could have taken jobs in the

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Crowley, op. cit., p.57.

2

For labour protests against the arrival of immigrants 'taking the few jobs available for resident unskilled workers' see T.H.C., 26 April 1907, T. & L.C., 24 September 1908, Worker, 8 July 1909, 9 May 1912, 13 June 1912, and for the failure of schemes to settle migrants in rural areas see T. & L.C. 28 March 1901 and during the 1920s, see C. Forster, Industrial Development in Australia, 1920-1930, Canberra 1964, pp.172-3.

TABLE 11

MALE BREADWINNERS: OCCUPATIONS BY SECTORS (COMMONWEALTH)

	<u>1891</u>	<u>1901</u>	<u>1911</u>	<u>1921</u>
Professional	5.24	5.44	5.85	6.55
Domestic	4.07	3.92	3.08	2.70
Commercial	13.65	14.65	15.09	14.86
Transport and communications	8.20	9.25	9.74	10.83
<u>Total industrial</u>	32.75	27.30	28.96	32.63
1. Manufacturing	15.09	15.08	16.47	17.93
2. Houses, building, railways and roads	8.69	7.21	7.13	6.61
3. Imperfectly defined industrial workers	8.97	5.01	5.36	8.10
<u>Total primary</u>	35.10	38.48	36.39	31.75
1. Agricultural, pastoral and dairying	27.98	29.27	29.64	28.16
2. Mining and quarrying	7.12	9.21	6.75	3.59

Source: census reports.

Note: The small residual component comprises breadwinners classed as 'Independent'.

professions or commerce, some may well have shifted into transport, especially urban tramways, and both ocean-going and coastal shipping. Partly offsetting this, however, was the decline in male domestic work which would have added to the numbers looking for alternative employment. Total 'Industrial' shows a substantial fall from 1891 to 1901, recovering only partly during the next ten year period. Within this group, only manufacturing improved, while the real decline, as we would expect, took place in construction, roads, railways and 'Imperfectly Defined Industrial Workers' (largely unskilled labourers).

Total 'Primary' clearly took up a good deal of the slack, at least during the nineties, shedding only a fraction of this percentage increase during the 1900s. The radical shift from the sector, as a whole, occurred in the following decade, the census data suggesting its share dropping away from 36.39 to 31.75. Within the primary sector, mining and quarrying featured a considerable lift in employment in the nineties; an increase more than negated, however, by dramatic absolute and proportionate fall during the next decade. Agriculture, pastoral and dairying industries provided work for many displaced from other sectors, the increased share being sustained, even increasing slightly, in the 1900s, falling only fractionally by 1921.

In sum: in the nineties, mining and other rural occupations generally provided jobs for some redundant

construction and manufacturing wage earners. In the 1900s, expanding manufacturing took up a slightly larger proportion, while work on the land continued to give employment to about the same percentage of total breadwinners. Possibly the pressure on sellers of labour in this decade was increased by the inability of mining to sustain its job-creating functions of the nineties.

For the unskilled the cost of shifting was, despite a traditionally high degree of labour mobility, not only domestic hardship, adaptation to unfamiliar and, for some, uncongenial work, but also lower monetary rewards. Constantly during the decades of labour shortage, rural employers complained vehemently of labourers' disinclination to take work on the land for wages customarily offered - not, that is, while eight shillings was obtainable from State governments or building contractors. In the changed conditions of the labour market, and on the removal of governments from the role of wage leader, the unskilled, and for a time some of the skilled were required to accept wages previously scorned. 'A pound a week and keep', working in agriculture seemed more reasonable and acceptable when previously higher paid jobs disappeared in the depression and failed to reappear with general economic recovery. Even this wage was reduced during the depression (see Table 5). In 1897 a 'rural member' of Parliament claimed: 'two or three years ago I had to

pay £1 to men whom I could now get to work for me for 10s'.¹

A straightforward comparison between jobs in 1891 and 1907 is not possible for most manufacturing industries, as so many had undergone radical reconstruction, in the process of which most standard occupational categories disappeared, often being replaced by a number of separate and graded operations. Even in building, perhaps the industry most unaffected by mechanisation or job division (process work), the builder's labourer of the early nineties had been replaced by bricklayer's labourer, carpenter's labourer, stonemason's labourer, and so on by 1906-7. And not all were paid the same wage.

A detailed study of the estimated level of wages paid to unskilled workers during the 1900s and 1910s is the topic of the next chapter. Suffice it to suggest at this point that the wages generally received by this grade of labour fell by approximately 20 per cent from the standard set in the late 1880s and failed to recover fully until 1921. One important corollary of such a movement was the widening of the different wages paid for skilled and unskilled work. Lacking reliable wage data for comparable jobs over the period, resort has been had to taking those jobs thought of as unskilled in 1891, relative to those obviously requiring considerable skill, and making a rough

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N.S.W. Parl. Deb., Vol. 88, p.1485.

comparison, using the same criterion (but totally different job categories) for the years 1906-7. To present these in total would be an impossible undertaking, and findings have been condensed to a few-line observation: that is, for 1891, in most manufacturing industries, differentials between representative skilled and unskilled labour were approximately of a ratio of 10:7.75. A decade and a half later the ratio had fallen to approximately 10:5.3, which was a differential rather more similar to other countries than had obtained in Australia in earlier decades. And whereas rates for skilled workers increased in sympathy with general economic recovery after 1906, wages of the unskilled lagged or even stagnated.

In construction there are certain observable similarities. For instance, Table 5 shows labourers' wage rates to have fallen farther and recovered more slowly than most skilled workers. In contrast to manufacturing, however, building operatives both skilled and unskilled were unionised and apparently the latter's union was able, despite unfavourable conditions in the labour market, to 'persuade' employers to pay 1891 rates of pay by 1904. It is also important to remember that builders labourers were always the better paid unskilled and number among those who have been called in this thesis the 'aristocrats of the unskilled'.¹

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Infra, pp.170-1.

These estimates are made admittedly from wage rate data, and that only for Victoria, but with all their shortcomings the data may support the generalisation that after 1891-2 unskilled labour was obtainable at relatively low rates of pay. Moreover, literary evidence relates that over-award or over-rate payments were prevalent in some skilled trades,¹ implying that any bias due to using wage rates would be in the direction of even further widening differentials.

The main conclusion to be drawn from this survey of the economy and of job opportunities is that the various factors discussed had operated against wage earners generally, but whereas economic recovery had resulted in a tightening labour market for skilled work, facilitating the comparatively early recovery of pre-depression wage rates, the continuing stagnation of construction and only very slow recovery of public works perpetuated the abundance of people willing to do unskilled work. The result was a severe and lasting downward pressure on their wages.

¹

Infra, pp.179-84 & Appendix 3.

CHAPTER 2

WAGES FOR UNSKILLED WORK, MARGINS FOR SKILL,
AND GENERAL WAGE EXPERIENCE

From the study of changes in the national economy and the consequent and continuing surfeit of men seeking unskilled work we concluded that wages for this class of labour failed to revert to the high level of pre-depression decades. Higgins' intention was to remedy this. If economic forces held down wages for the poorest wage earner while other incomes rose, institutional forces should be applied to rectify the anomaly.

This chapter attempts to analyse wage experience of the unskilled 1901-21, so far as the limited and inadequate statistics available permit, to establish when the 7/- per day (42/- per week) standard was achieved; and by implication to indicate the practical importance of the Harvester Judgment.

The principal object then is to measure changes in the level of wages paid for unskilled work. This leads us, however, to discuss differentials both among the unskilled themselves and between the unskilled and skilled workers. Finally, to help understand the attitudes and policies of labour in the post-Harvester period, the money and effective wage series presented

in Chapter 1¹ have been extended to 1921 to facilitate discussion of wage earners' income experience relative to others.

Wage Data

The perennial problem of wage analysis in Australia for this period (and indeed, in any period including the present day) is the plethora of nominal wage data and the scarcity of information about wages and/or wage rates actually received.

The industry of both colonial/State statisticians and the early development of legally constituted wage determining tribunals have made available details of minimum wage rates paid or payable in a very large number of occupations in all main sectors of the economy. Though there are major problems of selection and weighting, the task of compiling various wage rate indices must be tackled.

An attempt has been made to evaluate the general level of real wages received by unskilled workers by.

- (a) using all available 'nominal' or 'minimum' wage rate data culled from Factory Inspectors' Reports, Arbitration Court Reports, Industrial Gazettes, Statistical Registers, Year Books, Production Bulletins, and Government Gazettes;

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Tables 1 and 7.

- (b) assembling actual wages paid to unskilled workers in New South Wales railways, coal mines, and pastoral stations, and Victorian manufacturing;
- (c) considering the resultant series in the context of prevailing conditions in the labour market.

The Unskilled Wage Earner

Before describing and discussing wages of the unskilled we must first try to define this category of labour or at least to examine the ambiguities in the meaning of 'unskilled'. Who, in fact, are or were the 'unskilled'? To ask a somewhat different question: who were the people doing 'unskilled' work? Further, we should ask how important were the 'unskilled' in the Australian work force?

The first question is extremely difficult to answer and probably defies any precise assessment. The Australian economic and industrial structure during 1870-90 was significantly different from that of the decades 1900-20. The relative expansion of some sectors, e.g., manufacturing and agriculture, and contraction of others, e.g., mining, imprinted a changed pattern of occupational distribution on wage earners. Probably the most obvious characteristic of the Australian work force in the earlier decades was

the extraordinarily high degree of mobility.¹ As well as the more obvious spectacle of pastoral workers, drawn from a wide range of urban and rural occupations² roaming the entire continent, there was the inter-occupational mobility of workers shifting from one grade of work to others as conditions in various industries so dictated.

In this context two basic points should be borne in mind. On the one hand, the work force was growing rapidly and its rate of growth was greatly affected by the rate of inflow of migrants from Britain. On the other hand, while supply was growing rapidly, the conditions of Australian economic development during the two decades before 1890 would tend to encourage employment in activities requiring comparatively limited skills - in railway workshops, on public and private construction, etc. Moreover, the limited state of industrial enterprises restricted the demand for skilled labour during 1870-90; just as the high and rising demand for services, particularly domestic services, encouraged the employment of labour in these areas. Hence the generation before 1890 was almost

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Butlin, *Colonial Socialism...* p.45 fn.; R. Gollan, *Radical and Working Class Politics - a study of Eastern Australia, 1850-1910*, Melbourne, 1960, p.100.

2

Comm. Court: A.W.U. and the Pastoralist Federal Council of Australia (1911), p.244, e.g. tramway drivers, bullock drivers, boundary riders, chemical workers, timber stackers, artesian well borers, p.293, general labourers.

certainly subject to a high degree of 'disguised' unemployment, with skilled and semi-skilled workers engaged in activities requiring little or no skill. This situation changed radically after 1900 and, indeed, by the end of the first decade skilled labour had become extremely scarce. During 1904-14, in particular, the situation of 1870-90 was reversed, with greatly reduced activity in areas requiring little skill. In these conditions any attempt to relate, say, 1907 and 1890, as was commonly attempted at the time, must be highly suspect.

For the purpose of this study of wages, however, a more immediate difficulty to be considered is the selection from a wide range of occupations of that grade most closely representative of an 'unskilled ~~and~~ adult male wage earner' - the worker that humanitarians such as Higgins were so anxious to protect.

In the early years of the 1900s there were wide wage disparities between different groups of 'unskilled workers'. The plentiful supply of cheap labour, together with lower prices of other factors of production, had given a boost to certain manufacturing industries which, without high tariff protection, could compete with imported goods only by keeping costs to the minimum. Cheap or cheaper labour was also a spur to some rural industries, particularly wheat growing and dairy farming. Furthermore, wages for unskilled work in many service industries had fallen to a very low level during the nineties and these, too, failed to

recover with the general economy. Hence, in a wide range of industries wages as low as 20/- per week were accepted by adult males unable to find or retain better paid work.

At the other end of the scale, brawny 'pick and shovel' or builders' labourers, etc., had just that degree of physical excellence to set themselves above the rest. They were also exceptional inasmuch as many were organised in large unions which, if not able to match the industrial strength of employers' organisations, could extract some recognition of their claims to higher wage rates. Further, labourers in engineering and building, having customary differentials with craftsmen, were able to regain former wage rates along with improvements secured by their better paid associates. Finally, by the turn of the century, government departments or contractors had adopted the 7/- a day standard, a rate considerably above what was thought of as the 'market rate', an anomaly which earlier had provoked comment that government labourers would become 'a privileged class'.¹

There is thus an extremely wide range of rates of pay for 'unskilled' wage earners from which to take a standard. We are then faced with a ~~d~~eilemma. Should we use wage rates applicable to persons with little or no skill, or should we rather try to identify actual

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Victorian Parl. Deb., 1895/6, Vol. 80, p.3334.

wage payments for persons employed for which the concept of 'unskilled' would appear most relevant?

In the Australian context in these years the developing social concern was for the mass of adult male workers whose wage incomes failed to measure up to what was considered, with some nationalistic pride, the minimum Australian standard of living. Relevance suggests, perhaps, that attention might be paid more to the lowest paid adult male wage earners than the competent 'labourer' who may well have been more capable of looking after himself.

The problem of selection did not arise where 'labourers' were the lowest paid adult males in a particular industry, or where no 'labourers' were provided for in awards and determinations. Where, however, different rates for labourers and sub-labourers were prescribed, and it was clear that the latter referred to adult males, the lower rate was used.

The decision to take the lowest paid adult male in industries where there was a choice introduces a bias into the results. It shifts the average wage series for all unskilled downwards. As, however, the need to choose applied in only a few industries, the bias should not be great and may be fully compensated for by the lower level of wages paid in non-wage board industries.¹ Furthermore, this problem of selection

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See discussion, *infra.*, pp.153-8.

and the anomalies it creates becomes of less consequence in the 1910s as the 'All Other Adult Males' category gradually superseded the more detailed lists of 'unskilled'. For the purpose of this study, then, the term 'unskilled wage earner' refers to those adult male workers in each industry prescribed the lowest weekly or daily wage for a full week's or day's work.

Quantifying the unskilled is as difficult as discussing who they were. As stated elsewhere,¹ census data are unhelpful until 1933 when the unskilled may have accounted for about 25 per cent of the work force.² If we make the assumption that structural change in the economy, especially the growth of manufacturing and decline of government construction (from the point of view of job opportunities) had reduced the amount of unskilled work available, a reasonable 'guess' for the earlier years of the century might be 30 per cent.

To 'guarantee' a minimum living standard for this proportion of the work force at a level higher than the 'market' rate might have been a formidable task. However, considerable numbers of the more able unskilled, or those organised in relatively strong unions, were probably less dependent on arbitration to regain pre-depression wage rates. To these should be

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Infra., p.139.

2

Census of the Commonwealth of Australia 30th June 1933, Vol. II, part XIII.

added government workers who were paid 7/- a day or its rough equivalent, allowing for price changes. If we estimate (arbitrarily) those less in need of government institutional support for wages at 40 per cent of the unskilled we may finish up with a figure of 18 per cent of the work force as those whom the industrial tribunals were concerned to protect.

But referring again to the changing character of job opportunities, this proportion would be a declining one, possibly since Federation or even from the early 1890s. The point is that as the manufacturing sector became more important, 'process' or semi-skilled work for which unions could argue merited margins payments, however small became more plentiful. Furthermore, despite Higgins' earlier refusal to compensate for bad working conditions, such conditions were recognised and industrial allowances made. Both these factors would tend to increase the proportion of non-tradesmen who were paid something more than the minimum wage for unskilled work.

The process of shift of some proportion of the unskilled to semi-skilled work was probably a slow one and may have not been very important before the end of the war. Yet it was commonly believed in the late twenties, as now, that only exceptionally was a worker on the Basic wage. Thus,

The Australian public is forever talking about the Basic Wage, but a remarkably small percentage of Australian workers actually receive it.¹

Even though this was probably an exaggeration of wage conditions of the unskilled in the late twenties it would appear that a change of emphasis had occurred. Up to 1920 the Living/Basic Wage was primarily the means of securing a certain minimum standard of living for all Australian wage earners. Once secured on a national scale and margin payments were received by an increasing proportion of the work force, the tendency may have been to concentrate more on the Basic/Living Wage as a 'basic' or foundational amount on which were erected an hierarchy of margins.

We may conclude tentatively that throughout the two decades with which we are mostly concerned (1901-1921) the Harvester Judgment was relevant to a substantial, but declining proportion of the work force.

There are several sources to which we may look in an attempt to establish the course of unskilled wage rates and wage payments. One, the Wages Board or other wage determining tribunals relate primarily to compensation to unskilled labour in manufacturing, particularly in the early years of our period. A second is in actual business records of manufacturing

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W.K. Hancock, Australia, London 1930, p.180.

concerns. A third is the record of wage payments in railways, mining and the pastoral industry. Despite the limitations on each source, the remarkable feature appears to be the substantial uniformity of conclusions in each case - a uniformity that increases confidence in the general validity of the results suggested below.

Legal Determinations and Awards

(a) Victoria.

Details of wage rates prescribed for wage earners in Victorian industries were collected chiefly from the Annual Reports of the Chief Inspector of Factories and Shops and Victorian Government Gazettes,¹ although information about a few important industries not controlled until later years of the period was taken from Statistical Registers, Year Books and Labour Reports.

From 1897 the Victorian Wages Boards prescribed minimum wage rates for workers in a wide variety of industries; at first almost exclusively in manufacturing, but increasingly taking in many primary and tertiary industries. To obtain the widest possible coverage, every industry as it was brought into the

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1916 was the last year information of Determinations was published in the Annual Reports. To complete the series to 1921 the same information was obtained from Victorian Government Gazettes.

Wages Board system was included in the survey. The number of Wages Boards rose from six in 1898 to 27 in 1901, 52 in 1908, 135 in 1914 and 153 in 1921. Industries or trades which did not feature unskilled grades were not included.¹

Changes in the number of industries examined probably act to exaggerate the average wage prescribed for unskilled work in the early years. For if, as will be considered later, Wages Boards' first determination (at least) raised average wages; and if, as seems likely, wages for unskilled work in controlled industries were higher than those outside the system, an average based on the comparatively few regulated industries will overstate the general level of wages received. Only when most industries were covered can the figures presented be held as accurately representing the wages of all or most unskilled workers. As, however, the general conclusion of this analysis is that wages of the unskilled were considerably lower than has previously been supposed, any reasonable basis for believing that the series of average wages set out in Table 12 overstates the general level of wages of the unskilled reinforces and strengthens this conclusion.

To calculate the average rate of wages paid to the unskilled in wages board and some other industries from

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The largest number of industries ^{or} trades at any time was 130.

the large number of minimum wage rates collected, and further to compare this wage level with the Harvester Wage, the monetary amounts prescribed by wages boards were grouped into three shilling wage ranges, e.g., those prescribing 36/- or less, 36/- to 39/-, 39/- to 42/-, etc. The wage rate intervals in 1901 were 36/- and under, to 45/- to 48/-; and in 1921, 60/- to 63/- and 96/- and over. The number of industries falling within each wage bracket was calculated as a percentage of the total number of industries for each year. Next the central point of each wage bracket, e.g., 42/- to 45/- = $43/6$ was calculated as a percentage of the Harvester Equivalent, the product in each instance being multiplied by the product of the first calculation. Finally, totalling products gave an average figure showing the proportion of the Harvester Equivalent received by unskilled workers in the industries examined (see col. 2, Table 12). Average weekly wage figures for unskilled were obtained by expressing the proportionate figures shown in col. 2 in money terms - hence for 1901, 82.8 per cent of the Harvester Equivalent of 42/- equals $34/9$.

Treated in this manner, the minimum wage rate data indicate the extent to which, on average, rates prescribed for unskilled wage earners fell short of the 42/- per week stipulated by Higgins in the Harvester Judgment.

Graph VII and Table 13 illustrate the same point in a rather different way. To get the highest degree of

TABLE 12
AVERAGE WEEKLY WAGES OF LOWEST PAID GRADE OF ADULT MALES AS
 PRESCRIBED BY WAGES BOARDS IN VICTORIA, 1901-21

	<u>Harvester wage (Melbourne) 1907 = 42/-</u>	<u>Proportion of Harvester wage prescribed for lowest paid adult males</u>	<u>Average weekly wage of lowest paid adult male</u>	<u>Money Wage Index</u>	<u>Real Wage Index</u>
	(1)	(2)	(3)		
1901	41/10	82.8	34/9	884	965
1902	43/4	80.5	35/-	890	936
1903	42/4	81.5	34/7	879	948
1904	41/-	85.0	34/10	886	985
1905	42/1	84.0	35/3	896	970
1906	42/1	84.0	35/3	896	970
1907	42/- 'A'	84.7	35/7	905	983
1908	44/5 series	83.6	37/2	945	969
1909	43/5	86.3	37/6	954	1001
1910	45/3	85.0	38/4	975	983
1911	45/7	88.3	39/4	1000	1000
1912	50/7	82.7	41/9	1062	956
1913	50/5	85.5	43/4	1102	996
1914	53/-	83.8	44/5	1129	970
1915	60/-	74.6	44/9	1138	864
1916	60/5	84.4	51/-	1297	979
1917	64/3	83.9	53/11	1371	974
1918	69/7 'C'	80.3	55/11	1420	930
1919	77/3 series	79.1	61/1	1558	919
1920	91/7	75.2	68/10	1750	871
1921	79/3	104.3	82/8	2102	1194

Sources: Wages - Annual Report of the Chief Inspector of Shops and Factories, Victorian Parliamentary Papers.

The expressions 'Harvester Equivalent' or 'Harvester Standard', used in this thesis means that monetary amount which at different times and in different places, e.g. capital cities, was needed to buy the same 'bundle' of goods and services which 42/- a week could buy in Melbourne in 1907. Thus the consistently higher money 'Harvester Equivalent' for Sydney than Melbourne is a measure of the difference in living costs between the two cities. Until 1921 the Retail Prices Index was compiled from price information of only food, groceries and house rent, and this was approximately 60 per cent of total household expenditure. Prices of items in the residual 40 per cent were believed by the Commonwealth Statistician (see Bulletin of the N.S.W. B. of T. Living Wage (Adult Males), 1918, p.86) to have moved at about the same pace as the 60 per cent. One of the unionists' main complaints in the later war years was that this was not so (ibid., p.98). Not, however, until 1921 were data collected to show the movement of prices of clothing and miscellaneous items. Fortunately, the Royal Commission on the Basic Wage provided data for these items, not only for the current year, but also for the years 1914-21. And these indicators showed that the Statistician's assumption had been ill-founded, as, particularly after 1916, the 40 per cent items rose much faster than those included in the 60 per cent. To obtain the most accurate results, the price indices used to calculate the monetary equivalent of 7/- (Melbourne) 1907 for Victoria, N.S.W. and the Commonwealth were the 'A' series until 1914 and the 'C' series from 1915-21.

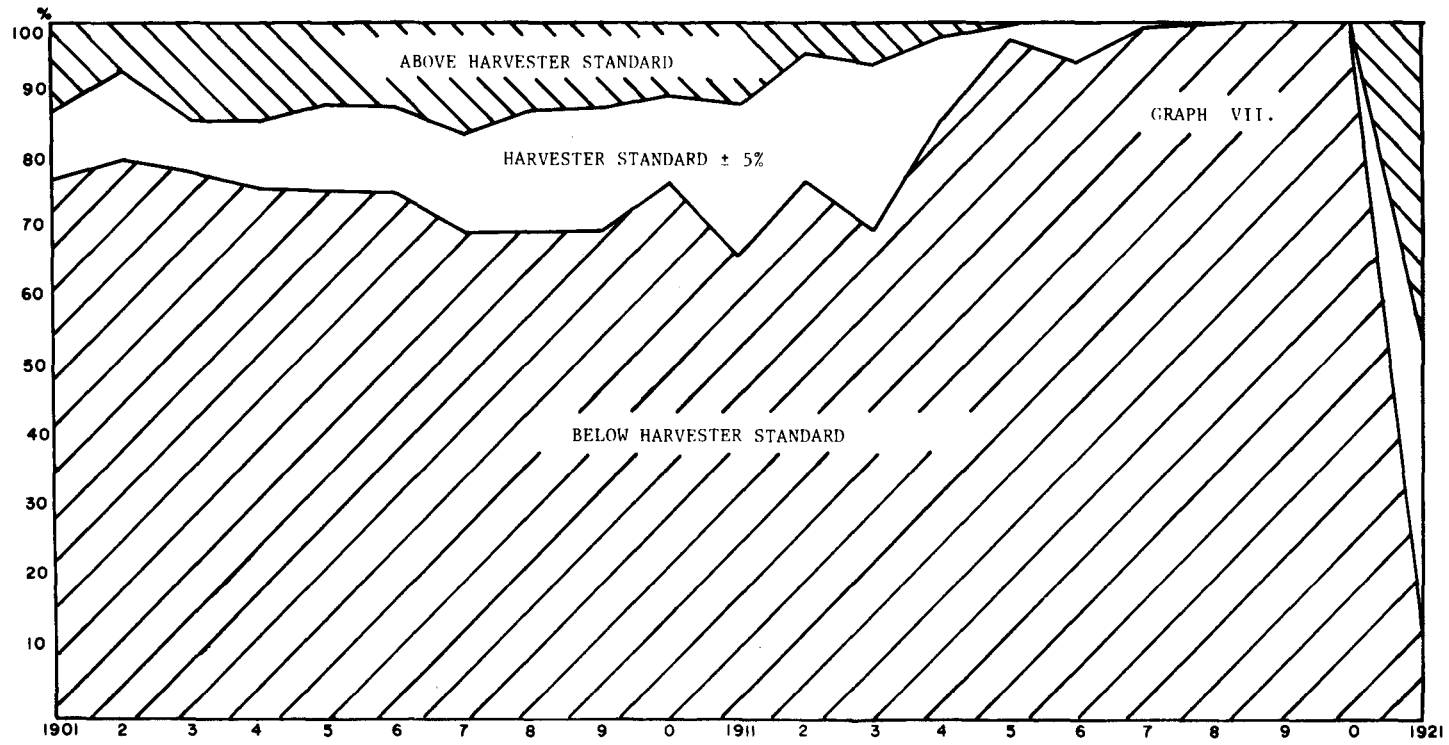


TABLE 13

PROPORTION OF DETERMINATIONS PRESCRIBING
MORE THAN, THE SAME AS OR LESS THAN
THE HARVESTER WAGE - VICTORIA 1901-21

	<u>Below</u> <u>%</u>	<u>Harvester Wage</u> <u>+ 5%</u>	<u>Above</u> <u>%</u>
1901	77.3	9.1	13.6
1902	80.8	11.5	7.7
1903	77.8	7.4	14.8
1904	75.7	9.1	15.2
1905	74.3	14.3	11.4
1906	75.0	13.9	11.1
1907	69.0	14.3	16.7
1908	69.5	17.5	13.0
1909	69.8	17.0	13.2
1910	76.7	11.7	11.6
1911	63.6	24.2	12.2
1912	76.7	18.1	5.2
1913	68.5	25.2	6.3
1914	86.2	11.8	2.1
1915	97.1	2.9	-
1916	94.0	6.0	-
1917	99.0	1.0	-
1918	97.9	2.1	-
1919	100.0	.0	-
1920	100.0	.0	-
1921	17.3	38.5	44.2

Notes

The wage figures for each industry were adjusted to give an average for every year, i.e., where a determination was made during the year the rate was calculated by counting the number of months applicable to the old and the new determination. Equally the Harvester Wage was calculated by adjusting 7/- per day Melbourne 1907 to give an average for each whole year.

(continued p.132)

Notes (continued from p.131)

The industries comprising the 17.3 per cent (1921) prescribing less than the Harvester Equivalent were those still working under determinations made in 1919 and 1920, or were shop assistants and analogous wage earners where a wage scale was prescribed for the first three or more years of adult work, the first scale being somewhat less than Higgins' minimum.

accuracy possible, the basic data was broken down further to show, to the nearest shilling, wages prescribed for the unskilled in each industry. These were then grouped into three categories: those approximating the Harvester Standard (5 per cent either side of the actual amount), those higher and those lower than the Harvester Standard.

(b) New South Wales

In this assessment of the wages of the unskilled, most attention was paid to experience in Victoria, because of the more plentiful sources of material for this State. As, however, economic conditions varied from State to State, a similar though more limited survey was conducted for N.S.W., and finally for Australia, as measured by awards of the Commonwealth Court.

New South Wales wage data are extremely scarce for most of the first decade of the century. The Arbitration Court made comparatively few awards,¹ and once made, variations were the exception rather than

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Infra., pp.453-4.

the rule. From 1902 to 1908, when the original Act expired, there can be traced only six industries for which wages were prescribed for indentifiable unskilled work categories.¹ Not before the inception of a system of industrial wages boards from 1908 and their functioning from 1909 and 1910 is it possible to assemble sufficient statistical material to make an analysis of unskilled wages feasible and representative. From 1909, wages boards encompassed a rapidly increasing number of industries, sub-industries and craft groups which, if published in a manageable way, would give an admirable check of or comparison with the findings for Victoria. Until 1912, this can be done. But the data assembled in the N.S.W. Statistical Registers end abruptly in this year, the material being transferred to and scattered among the voluminous pages of the N.S.W. Industrial Gazette. It was considered best not to attempt coverage of all determinations for N.S.W., but to take representative groups from each main sector of industry and follow these through until 1921. The assembled wage data were treated in precisely the same way as those for Victoria, though the material was not sufficiently comprehensive to permit the second test of showing proportions of unskilled wage earners awarded

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Wharf workers are the notable exception, but these employees being largely casual were paid by the hour, making it difficult to line up their wages with the Harvester Standard.

more than, the same as, or less than the Harvester wage. The result is shown in Table 14.

(c) Commonwealth

Progressing from the most straightforward to the most complicated, Commonwealth awards proved to be the least satisfactory. First, awards of the Court are not collected and published to allow reasonably easy scrutiny and analysis; hence the need to work laboriously through the separate and lengthy volumes of the Commonwealth Arbitration Reports. Secondly, dealing with disputes 'extending beyond the limits of any one State' the Court made awards for wage earning groups working in areas experiencing different wage levels and different living costs, and it is not always clear to which State they applied. This difficulty diminishes in the later years of the period. Thirdly, the difference between Awards of the Court, Consent Awards, and Registered Agreements causes considerable confusion. Tracing industries through this period involves switching from one to the other or all three. Some unions won first an Award, three or four years later a Consent Award, and after another lengthy period perhaps an Industrial Agreement - all were registered with the Court and all were legally enforceable.¹ Finally, despite the great attention attracted to

1

E.g., Federated Gas Employees Industrial Union: September 1913 Full Award; October 1915 Industrial Agreement. July 1916 Consent Award; September 1919 Full Award.

TABLE 14

AVERAGE WEEKLY WAGES OF LOWEST PAID GRADE OF ADULT MALES AS
PRESCRIBED BY THE ARBITRATION COURT (1902-8) AND
WAGES BOARD (1909-21) IN NEW SOUTH WALES

	<u>Harvester wage (Melbourne) 1907 = 42/-</u>	<u>Proportion of Harvester wage prescribed for lowest paid adult males</u>	<u>Average weekly wage of lowest paid adult male</u>	<u>Money Wage Index</u>	<u>Real Wage Index</u>
1903	46/-	91.5	42/-	935	1009
1904	41/11	99.5	41/9	929	1098
1905	45/-	91.9	41/4	915	1014
1906	44/11	97.7	43/10	978	1078
1907	44/7	99.6	44/4	987	1099
1908	47/5	95.7	45/6	1013	1056
1909	47/6	92.9	44/1	982	1025
1910	47/10	92.5	44/5	989	1020
1911	49/6	90.6	44/10	1000	1000
1912	55/3	84.1	46/4	1031	928
1913	56/7	83.4	46/4	1031	920
1914	57/11	85.8	49/7	1105	947
1915	64/9	82.7	52/6	1169	910
1916	66/3	80.9	53/7	1194	884
1917	70/9	80.6	57/1	1271	933
1918	74/2	79.2	58/10	1312	947
1919	84/-	72.1	60/7	1350	879
1920	93/8	77.6	72/8	1617	907
1921	84/2	102.3	86/-	1915	1144

Sources: Wages - N.S.W. Year Books, N.S.W. Statistical Registers; N.S.W. Industrial Gazette.
Prices - A. and C. series Retail Prices Indices, Labour Reports.

Note

As the industries working under Arbitration awards in the first decade are so few the high percentage figures and high wage level for these years is extremely misleading. The series becomes more accurate from 1911 when a very substantial number of industries are controlled by wages boards.

itself, the Commonwealth Court dealt with comparatively few industries. Throughout the period under discussion by far the greater part of wage prescription by industrial tribunals was undertaken by State institutions (see Table 15). The Commonwealth Court may have aspired to, and to some extent could have exercised influence on the general pattern or standard of wages, but certainly in Victoria and New South Wales actual settlement of disputes and prescribing of wage rates was in large part the work of the wages boards.

It was considered, nonetheless, of some value to collect what information is available. Working back from 1921, all awards featuring grades of unskilled labour were traced through, tabulated and treated in the same way as for Victoria and New South Wales. In the series shown in Table 16, Awards, Consent Awards and Industrial Agreements were treated alike, each section of the Commonwealth Arbitration Reports being examined carefully to ensure that no adjustment of wages, however effected, was overlooked. And finally, the Harvester Standard was adjusted by the average of six capital cities to conform as near as possible to the generality of the Court's awards. While this procedure is far from satisfactory, the trend rather than the particular points in time serves as a comparison with surveys of the States.

TABLE 15

PERCENTAGE OF INDUSTRIAL WORK FORCE AFFECTED BY ALTERNATIVE METHODS OF WAGE FIXATION

(%)

	<u>Voluntary by employers</u>	<u>Direct negotiation</u>	<u>Negotiation and intervention by 3rd party</u>	<u>Award of Commonwealth Court</u>	<u>Agreement registers with C.C.</u>	<u>Award determination of State tribunals</u>	<u>Agreements registers with State tribunals</u>
1913	6.81	2.46	.5	2.55	1.93	77.62	8.58
1914	2.43	6.67	.05	17.10	2.54	69.58	1.63
1915	8.98	5.87	1.31	8.30	5.89	65.10	4.54
1916	11.28	9.47	1.12	8.32	5.09	61.99	2.82
1917	3.25	5.40	6.66	7.21	5.61	67.84	4.14
1918	3.57	12.01	.16	5.67	1.88	74.88	1.83
1919	1.70	14.00	7.46	11.22	4.51	55.90	5.20
1920	1.47	16.55	6.29	7.31	2.60	63.09	2.68
1921	.27	10.54	10.06	19.08	3.30	53.42	3.30
1922		1.14	8.74	19.93	6.85	60.00	3.32
1923		1.88	5.27	33.72	4.74	50.83	3.54

Source: Commonwealth Year Books.

TABLE 16

AVERAGE WEEKLY WAGES OF THE LOWEST PAID GRADE OF ADULT MALES
PRESCRIBED BY THE COMMONWEALTH COURT OF CONCILIATION AND
ARBITRATION, 1909-21

	<u>Harvester wage</u> <u>(Melbourne)</u> <u>1907 = 42/-</u>	<u>Proportion</u> <u>of</u> <u>Harvester</u> <u>wage</u> <u>prescribed</u> <u>for lowest</u> <u>paid adult</u> <u>males</u>	<u>Average</u> <u>weekly</u> <u>wage of</u> <u>lowest</u> <u>paid</u> <u>adult</u> <u>male</u>	<u>Money</u> <u>Wage</u> <u>Index</u>	<u>Real</u> <u>Wage</u> <u>Index</u>
1909	45/6	96	43/8	948	1000
1910	46/6	98	45/7	991	1021
1911	48/-	96	46/-	1000	1000
1912	53/-	91	48/3	1049	953
1913	53/-	91	48/3	1049	950
1914	54/6	94	51/3	1114	977
1915	61/4	85	52/3	1135	887
1916	62/3	88	54/7	1187	913
1917	66/4	88	58/5	1269	918
1918	70/9	86	60/11	1323	896
1919	79/11	80	64/6	1402	841
1920	90/11	77	70/1	1524	802
1921	79/5	97	77/5	1683	1015

Source: Commonwealth Arbitration Reports. Prices: A and C series Retail Prices Indexes, Labour Reports.

Weighting

The single most suspect feature of the treatment of the nominal wage data is the question of weighting. Industrial, sub-industrial or craft groups being of varying sizes, serious errors might be made if one or several industries employing relatively large numbers of unskilled, paid wages substantially higher or lower than others. There are, however, considerable difficulties in separating out the unskilled from total persons employed. Not before 1933 did the Commonwealth Statistician provide an occupational account of numbers employed in specific occupations and in different industries, thus permitting the calculation of the ratio of unskilled to skilled. Moreover, some industries had undergone important structural and technological changes by the thirties, thereby altering the ratio of skilled to unskilled - as compared with the first two decades of the century.

Nonetheless, there being no other way of assessing the ratio for earlier years, the 1933 census data has been used to provide a line back to the period 1901-21.

Of the approximately 130 industries used in the original (unskilled) wages survey, only 60 were identifiable in the 1933 census. Relating these 60 back to 1901-21, for only 32 was there work force data available. Fortunately, these cover a wide variety of industries and include representative cases of high, medium and low paying industries.

Figure 1 shows the unweighted and weighted average wages for unskilled wage earners in Victoria for 1901, 1907, 1910, 1914 and 1921. In general, the weighted figures show wage levels below the unweighted ones, which indicates again that the average wage figures shown in Table 12, if anything, overstate the approximate wage earned by the unskilled in Victoria.

FIGURE 1

	<u>Unweighted average</u> <u>(shillings)</u>	<u>Weighted average</u> <u>(shillings)</u>
1901	35.0	33.9
1907	37.1	36.6
1910	40.4	38.6
1914	48.4	47.3
1921	84.9	83.0

Assumptions made in using Nominal Rates

Various assumptions have been made in using these data. Perhaps the most critical of these is that which assumes a close correlation between average minimum wage rates and actual average wage rates. One possible test of this assumption is to examine any available accounts of wages actually paid for unskilled work during this period. For it would be more satisfactory if by assembling actual wage data we could substantiate the claim that in general the unskilled received little if any more than award rates.

This next group of data refers to actual wage rates and earnings given in records of business firms and other employing institutions.

Business Records and Unskilled Wage Data

Unfortunately the collection of business records of Australian firms is not sufficient¹ conclusively to test the general hypothesis. However, information is available on wages paid: 1. in one important manufacturing firm and two service firms; 2. to N.S.W. railwaymen; 3. to N.S.W. coal-miners; and 4. to permanent hands in a considerable number of pastoral stations. All available wage data for each of these industries were assembled and processed to establish the level of wages paid for unskilled at different times.

(a) Manufacturing and services business records

There are few records of Australian manufacturing and service business concerns that contain wage data for all or part of the period 1901-21. In the records of only three firms has material been located which provides consistent wage series. For the reasons set out in Appendix 2 of these only the Danks material provided a reasonable guide to wages paid for unskilled work. These are shown in Table 17.¹

(b) New South Wales railwaymen's wages

For New South Wales, information of wage rates paid to all grades of railwaymen for the whole period is available. In Victoria, the Railway Commissioner's

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For sources and methods of the Danks, N.S.W. railwaymen, miners and rural workers' estimates see Appendix 2.

TABLE 17

JOHN DANKS PTY LTD AVERAGE WEEKLY WAGES PAID
TO UNSKILLED WORKERS, 1890-1921

(shillings)

1890	37/1
1895	32/11
1900	32/-
1901	32/11
1902	33/4
1903	33/4
1904	33/3
1905	36/1
1906	39/9
1907	39/1
1908	40/3
1909	40/3
1910	40/11
1911	43/1
1912	45/3
1913	45/10
1914	48/-
1915	49/7
1916	53/11
1917	56/3
1918	57/4
1919	64/5
1920	68/7
1921	81/5

Reports ceased to include this data after 1903. Although some information for individual years after this is available in the Victorian Government Gazette, this material was judged to be inadequate to construct a

useful wage series. Information for New South Wales only is presented in Table 18.

TABLE 18

RAILWAYMEN'S WAGES: NEW SOUTH WALES
AVERAGE DAILY (MONEY) WAGES

	<u>Labourers</u>	<u>Porters</u>
1890	7/3	7/2
1891	7/3	7/2
1892	7/3	7/2
1893	7/3	7/2
1894	7/3	7/2
1895	7/3	7/2
1896	7/1	7/1
1897	7/1	6/11
1898	7/-	6/11
1899	7/-	6/9
1900	6/11	6/4
1901	6/11	6/4
1902	6/11	6/4
1903	6/10	6/5
1904	7/-	6/5
1905	7/-	6/5
1906	7/-	6/5
1907	7/-	6/5
1908	7/1	6/5
1909	7/1	6/8
1910	7/2	6/8

(continued on p.144)

TABLE 18 (continued)

	<u>Labourers</u>	<u>Porters</u>
1911	7/2	7/1
1912	7/7	7/6
1913	8/-	8/-
1914	8/-	8/-
1915	9/-	9/-
1916	9/3	9/3
1917	9/3	9/3
1918	9/3	9/3
1919	10/-	10/-
1920	12/10	12/10
1921	14/2	14/2

Note: Calculating wages actually received shows that those railwaymen who were retained in employment fared extremely well during much of the nineties. The relatively high wage figure until 1899 results from the almost total suspension of recruitment of new staff from 1893 to 1896. When recruitment was resumed, men were taken on at lower rates of pay, i.e. 6/6 per day for labourers and 6/- per day for porters, and this lowers the general average money wage (until 1904) and real wages throughout.

(c) Coal-miners wages

Miners' daily/weekly wages and earnings calculated from the wages books of the Newcastle Coal Mining Company are shown in Table 19.

(d) Rural wages

Wages paid for unskilled work in rural occupations were calculated from the records of A.M.L. & F. and

TABLE 19

N.S.W. COAL-MINERS (ADULT): AVERAGE WAGES AND EARNINGS, 1890-1921

	Hewers			Labourers			Wheelers and Screeners			Blacksmiths			Carpenters		
	Per Day	Per Shift	Weekly Earnings	Per Day	Weekly Equiv.	Weekly Earnings	Per Day	Weekly Equiv.	Weekly Earnings	Per Day	Weekly Equiv.	Weekly Earnings	Per Day	Weekly Equiv.	Weekly Earnings
1890	9/-	N.A.	38/-	6/1	36/6	26/-	5/10	35/-	23/7	10/-	60/-	58/5	8/-	48/-	39/5
1891	9/-	N.A.	43/10	6/3	37/6	31/3	6/-	36/-	26/8	10/-	60/-	63/-	8/-	48/-	43/-
1892	8/2	N.A.	22/10	6/5	38/6	21/3	6/-	36/-	15/7	10/-	60/-	49/-	8/-	48/-	20/5
1893	8/7	N.A.	26/5	6/2	37/-	22/-	5/9	34/6	15/-	9/6	57/-	36/-	7/7	45/6	33/5
1894	7/7	N.A.	31/5	6/-	37/-	27/3	5/6	33/-	20/8	9/-	57/-	50/-	7/3	43/6	34/3
1895	6/10	N.A.	27/7	5/11	35/6	28/3	5/6	33/-	19/7	9/-	57/-	37/7	7/3	43/6	35/3
1896	6/8	7/6	22/3	5/9	34/6	29/5	5/6	33/-	23/5	9/-	57/-	50/3	7/4	44/-	43/-
1897	6/10	7/10	34/10	6/-	36/-	36/-	5/6	33/-	26/3	9/-	57/-	56/-	7/6	45/-	43/3
1898	6/10	7/4	28/7	6/-	36/-	32/10	5/6	33/-	24/-	9/-	57/-	51/5	7/6	45/-	45/-
1899	6/8	7/10	36/10	6/-	36/-	33/2	5/6	33/-	24/-	9/-	57/-	51/-	7/6	45/-	26/-
1900	7/10	8/7	39/5	6/-	36/-	33/5	5/10	35/-	28/5	9/-	57/-	56/7	7/7	45/6	42/7
1901	9/3	11/4	47/5	6/6	39/-	40/5	7/-	42/-	31/5	10/-	60/-	60/5	8/9	52/6	54/3
1902	10/-	11/5	42/7	6/6	39/-	42/10	6/9	40/6	24/8	10/-	60/-	52/10	8/6	51/-	51/3
1903	10/-	11/3	44/3	6/6	39/-	36/10	6/9	40/6	30/5	10/-	60/-	60/7	8/6	51/-	52/-
1904	9/-	10/11	36/7	6/6	39/-	28/-	6/-	36/-	21/-	10/-	60/-	50/-	8/6	51/-	52/10
1905	8/10	10/1	41/3	5/10	35/-	23/7	6/2	37/-	26/-	9/-	57/-	45/-	7/8	46/-	45/-
1906	8/3	10/8	45/10	6/3	37/6	40/-	6/9	40/6	31/10	9/-	57/-	57/-	7/10	47/-	46/5
1907	8/8	9/8	37/-	6/9	40/6	38/8	6/11	41/6	28/-	10/-	60/-	59/3	8/9	52/6	51/-
1908	10/2	9/11	51/-	7/2	43/-	45/-	7/-	42/-	34/-	10/-	60/-	61/-	8/9	52/6	52/5
1909	10/2	11/1	42/3	7/2	43/-	50/5	7/-	42/-	31/5	10/-	60/-	64/7	9/-	54/-	51/-
1910	10/2	11/1	47/-	7/3	43/6	39/3	7/-	42/-	33/-	10/-	60/-	41/7	10/-	60/-	56/5
1911	11/-	12/4	56/10	7/4	44/-	40/-	7/-	42/-	39/5	10/-	60/-	56/10	11/-	66/-	64/7
1912	12/2	13/8	64/-	7/5	44/6	40/8	7/3	43/6	36/7	10/-	60/-	57/-	11/-	66/-	58/2
1913	12/-	13/8	63/10	8/-	48/-	31/-	8/-	48/-	41/5	10/-	60/-	59/-	11/3	67/3	65/-
1914	13/5	15/1	71/5	8/5	50/6	-	8/-	48/-	46/5	10/-	60/-	59/-	12/-	72/-	68/5
1915	14/7	14/11	50/7	8/9	52/6	-	8/2	49/-	35/5	10/-	60/-	44/-	12/-	72/-	46/3
1916	16/2	17/3	68/5	9/1	54/6	-	9/1	54/6	36/10	10/8	64/-	56/5	12/-	72/-	63/-
1917	19/2	20/3	68/3	11/2	67/-	-	10/11	65/6	48/5	14/-	84/-	72/-	14/7	87/6	77/3
1918	20/2	20/-	44/7	11/2	67/-	-	10/11	65/6	23/-	14/-	84/-	65/5	14/8	88/-	53/10
1919	21/-	23/5	89/10	13/-	78/-	-	12/9	76/6	55/5	15/11	95/6	78/5	16/5	98/6	76/-
1920	24/-	24/10	125/5	14/-	84/-	-	15/-	90/-	70/5	17/4	104/-	96/-	18/-	108/-	111/-
1921	24/2	27/4	124/10	16/6	99/-	-	17/3	103/6	84/5	19/7	117/6	91/5	20/3	121/6	122/7

Goldsborough Mort pastoral company records. Adjusted to make allowance for board and lodgings the results are shown in Table 20. In 1921, the N.S.W. Statistical Officer published a wage series for rural unskilled wage earners, and this has been set alongside the series calculated from pastoral company records (Graph VIII).

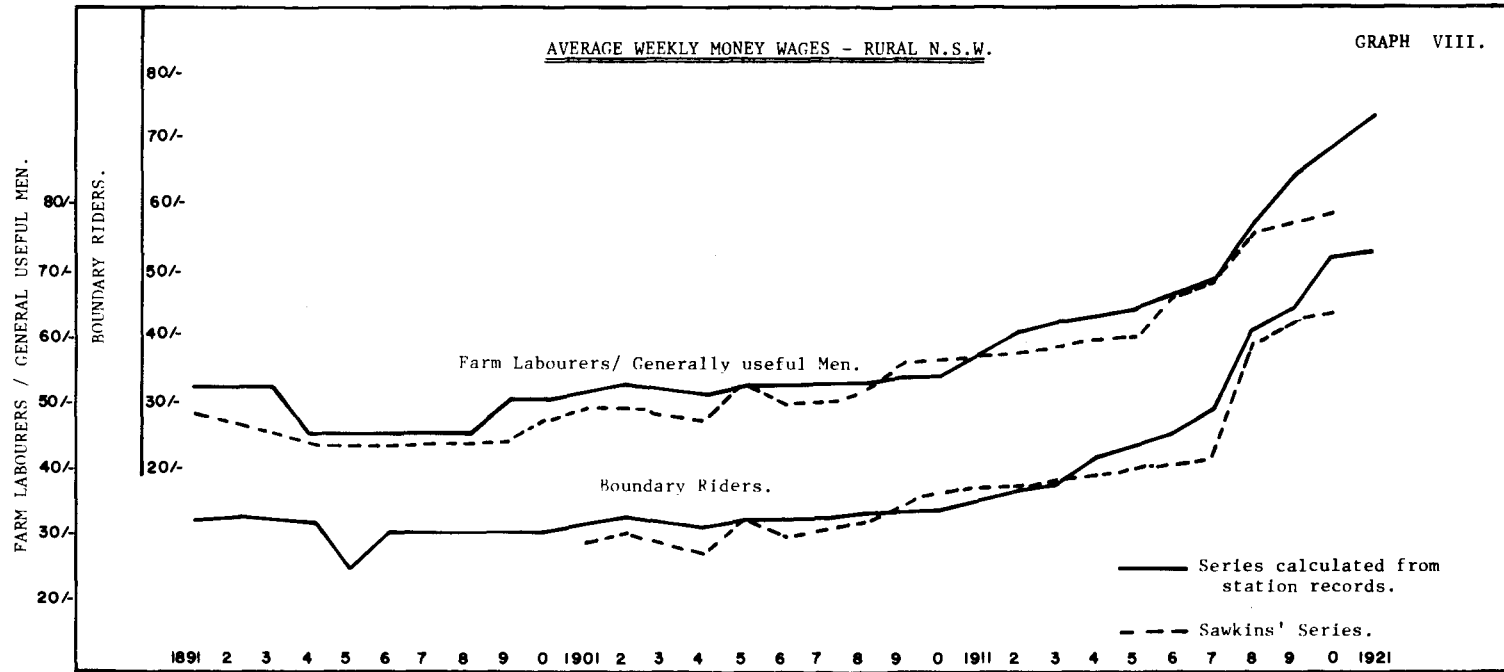
Results

Mine workers and railwaymen would mostly be among the better paid unskilled wage earners: miners because of the unpleasant and dangerous character of coal-mining, and railwaymen because their wages were subject to and possibly raised by political pressures. In contrast, boundary riders and 'generally useful men' on pastoral stations would tend to be paid less than average wages as the result of wage rigidities built into rural employment, e.g., custom ('a £1 a week and keep'), the inability of workers to put a monetary value on 'board and keep', and the distance of employment location from other centres of alternative work.

Graph IX shows a combined actual wages series of New South Wales mine workers (wheelers and labourers), pastoral workers (boundary riders and 'generally useful men'), and railwaymen (labourers and porters) plotted against the N.S.W. Harvester Equivalent wage, the New South Wales nominal wages series (Table 14 - only from 1912), and the nominal wage series for Victoria

AVERAGE WEEKLY MONEY WAGES - RURAL N.S.W.

GRAPH VIII.



AVERAGE WEEKLY MONEY WAGES, UNSKILLED
MALES - NEW SOUTH WALES.

GRAPH IX.

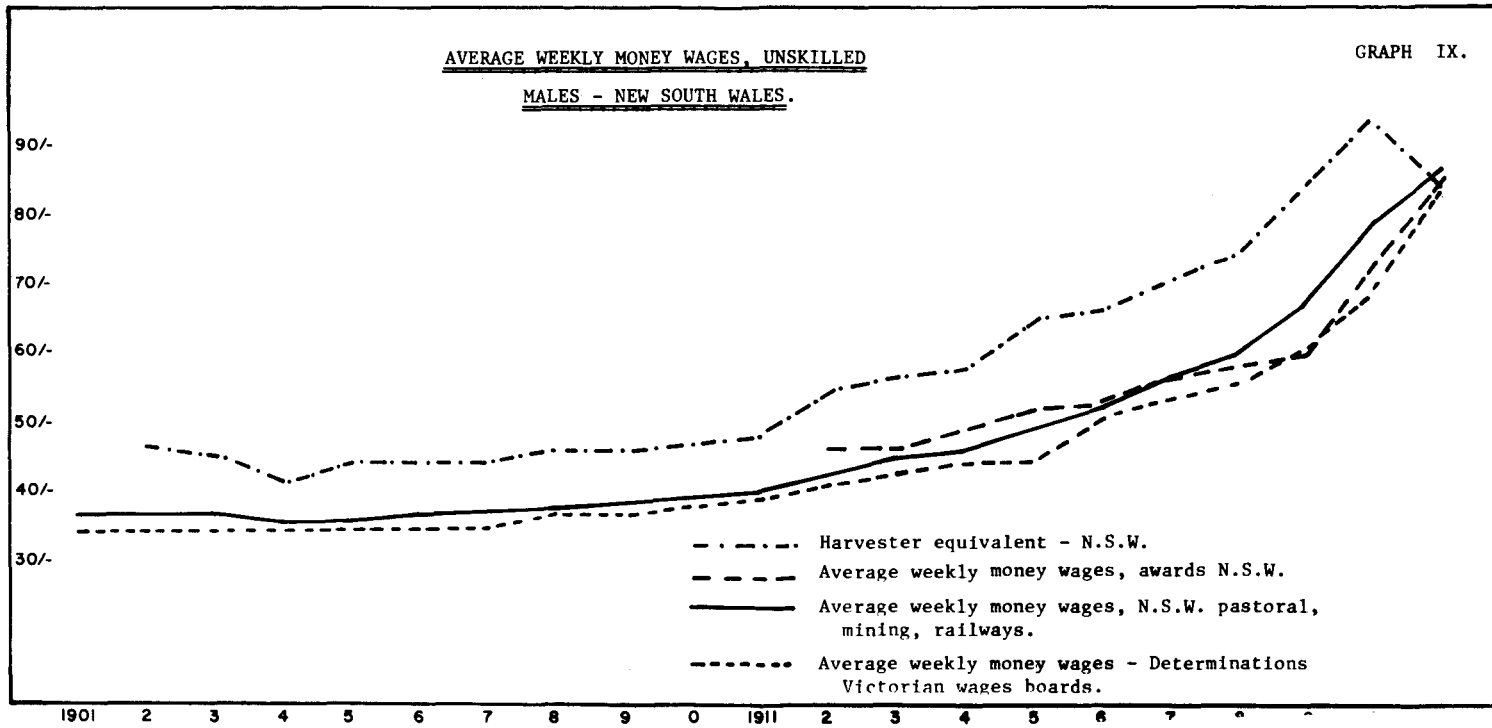


TABLE 20

PASTORAL WAGE EARNERS

	<u>Average weekly wage including allowance for board and keep (shillings)</u>	
	<u>Boundary riders</u>	<u>Generally useful men</u>
1890	33/-	33/3
1891	33/2	33/2
1892	33/4	33/4
1893	32/8	32/8
1894	26/-	26/-
1895	25/10	25/10
1896	31/2	26/2
1897	31/-	26/-
1898	30/10	25/10
1899	31/6	31/6
1900	31/6	31/6
1901	32/4	32/4
1902	33/6	33/6
1903	32/9	32/9
1904	32/-	32/-
1905	33/-	33/-
1906	33/-	33/-
1907	33/-	33/-
1908	33/6	33/6
1909	34/-	34/4
1910	34/6	34/6
1911	36/-	38/-
1912	37/6	40/9
1913	38/3	42/3
1914	41/9	43/3
1915	44/3	44/3

(continued on p.148)

TABLE 20 (continued)

	<u>Average weekly wage including allowance for board and keep</u> (shillings)	
	<u>Boundary riders</u>	<u>Generally useful men</u>
1916	46/3	46/7
1917	50/-	48/3
1918	61/-	57/-
1919	64/6	64/6
1920	72/-	68/6
1921	73/-	73/-

(Table 12). Only a simple average of the three actual wage series has been calculated as the problems of weighting would be enormous, and the objections greater than those which can be levelled against a simple average.

It will be noted that the combined series for New South Wales mining, pastoral and railway workers lies about 2/- a week above the nominal rate series for Victoria. Yet the 'cost of living' as measured by the Retail Price Indices was, all through this period, higher in New South Wales than in Victoria (the difference between the two in Harvester Equivalents averaged over 20 years was 3.9 shillings per week) and wages in New South Wales were probably consistently higher than in Victoria. Before 1912, the New South Wales nominal rate series is unreliable, but when the difference between the nominal rate series of the two States between 1912-21 is averaged, there results a

3.58 shillings per week differential. It is reasonable to conclude that if a series of average wages actually received by the unskilled in Victoria could be compiled, it would lie approximately along or perhaps slightly below the average nominal wage series shown in Table 12.

In fact, for Victoria there is only the John Danks series. Graph X shows actual wages paid in this firm plotted against the Victorian (unskilled) nominal rates series and the Harvester Equivalent for that State, and the result is much as would be expected. Mostly the unskilled in such a firm would be ironworkers' assistants and full labourers who, as suggested earlier, would be among the better paid unskilled workers. It is significant that the Victorian nominal rate series catches up and actually moves slightly ahead of the John Danks unskilled wage series, confirming the conclusion discussed later¹ that wages for all unskilled work were raised to the 'labourer's' rate in the years immediately prior to 1921.

Though it would be difficult to sustain a claim that in these industries wages paid to unskilled accurately reflect those paid generally in Australian industry, they might be thought of as representing three major groups of unskilled workers and to indicate roughly the level of wages actually received by the generality of unskilled workers.

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Infra., Graph XIV.

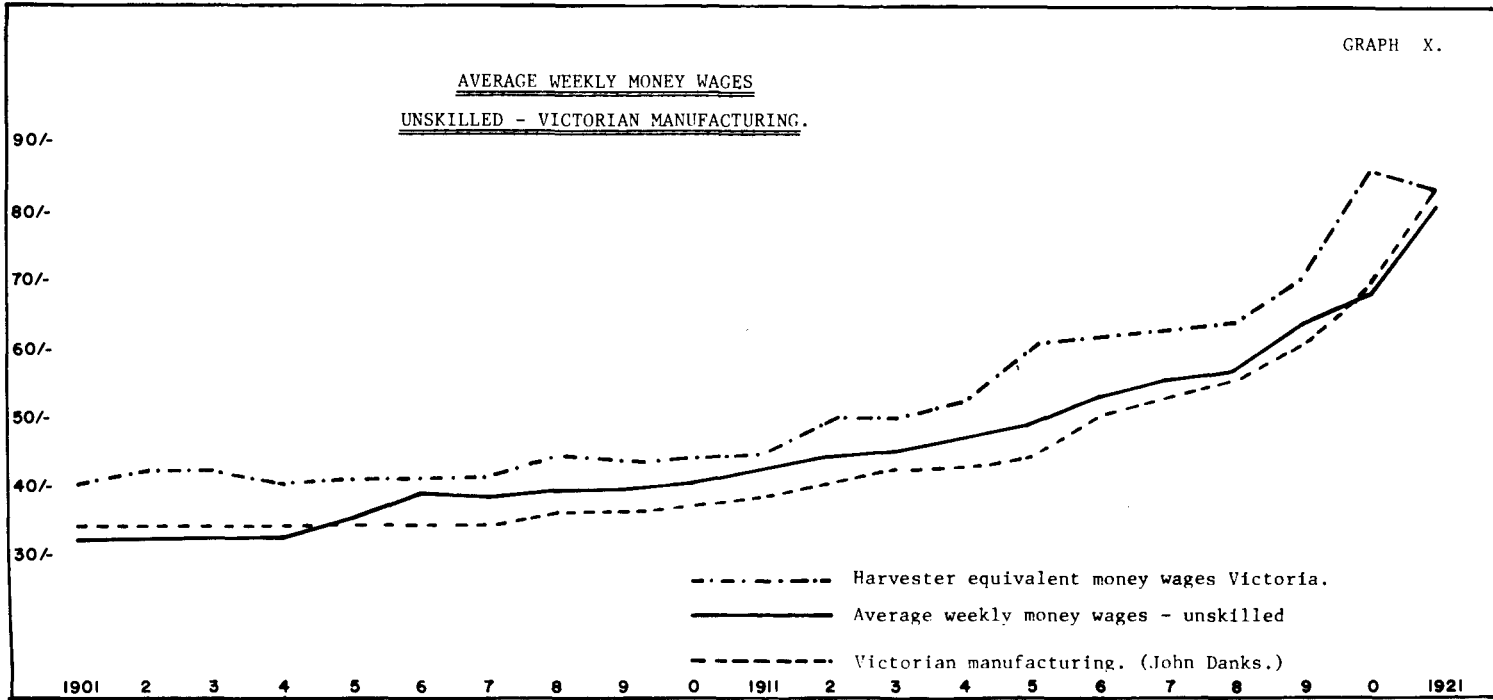
GRAPH X.

AVERAGE WEEKLY MONEY WAGES
UNSKILLED - VICTORIAN MANUFACTURING.

90/-
80/-
70/-
60/-
50/-
40/-
30/-

1901 2 3 4 5 6 7 8 9 0 1911 2 3 4 5 6 7 8 9 0 1921

- Harvester equivalent money wages Victoria.
- Average weekly money wages - unskilled
- Victorian manufacturing. (John Danks.)



The Labour Market and Contemporary Opinion

Finally, literary evidence suggests there to have been a general impression in contemporary society that the plethora of unskilled labour was such that there was little pressure on employers to pay, or the unions had the strength to obtain, more than award rates.

As has been suggested earlier,¹ the most persisting characteristic of unskilled wage earners in these years was the prevalence of surplus labour. Though demand for certain skills rose from 1906 to 1913, and again from 1915-16, promoting extensive and considerable over-award payments,² the supply of unskilled labour remained sufficient to avoid any rise in its market price compared with other grades. In 1902 for example, it was reported there was 'no trouble getting unskilled labour right through the boom time' (1899-1901).³ Almost a decade later employers giving evidence before the Royal Commission to examine the 'Alleged Shortage of Labour in New South Wales', clamoured for immigration of all grades of skilled labour, but were significantly silent on the need to

1

Supra., pp.105-9.

2

Appendix 3.

3

Royal Commission on the Factories and Shops Law of Victoria, Vic. Parl. Papers, 1902/3, Vol. II, Minutes of Evidence, p.215.

import unskilled labour.¹ The Commission's Report, in fact, stated:

It became early evident that there was no necessity to investigate the question of shortage as regards unskilled labour, it being conceded on all hands that, with an exception presently to be mentioned [railway navvies in remote country areas] there is abundant labour of that class in this State.²

An alternative indication of the minimum being the actual effective maximum for unskilled is the absence of evidence in the minute books of the N.S.W. Ironworkers' Assistants of any wage payments above award rates.³

This may perhaps receive some support from the recollections of E. Thornton, former General Secretary of the union who vouched that over-award payments won by industrial action in May 1937⁴ was the first instance of a substantial section of F.I.A. members

¹ Minutes of Evidence, N.S.W. Votes and Proceedings, 1911/12, Vol. 2, pp.701-1135.

² Interim Report, N.S.W. V. & P., 1911/2, Vol. 2, pp.v-vi; see also Worker, 13 July 1911, '...very great plethora of unskilled labour in the city' (Sydney); Labour Bulletin, No. 5, p.69, June 1914 (N.S.W.), '...the supply of unskilled labour is in excess of demand'.

³ Information supplied by John Merritt, Research scholar, History Department, R.S.S.S., Australian National University.

⁴ W.J. Hargreaves, History of the Federated Moulders' (Metals) Union of Australia, 1858-1958, p.80.

getting any wage payment over the minimum prescribed by industrial tribunals.¹

In his treatise, 'Minimum Wage Legislation in Australia', P.S. Collier suggests:

Although the...ironmoulders' determination has on the whole been quite commendable, since 1906 the tendency has been to pay unskilled workers the bare legal rates. At the same time skilled workmen are paid quite independently of the board determination.²

In 1911 the Worker quoted timber workers holding 'that the minimum wage determined by the wages board is everywhere the ruling rate'.³ Whilst in a Federal arbitration case dealing with unskilled workers, an employer witness spoke of paying 'only the flat rate to all employees. All receive 9/-, no more'.⁴ The general practice was stated thus: 'Unfortunately in the past...you will find that the average unskilled

1

Interview conducted with Thornton, 12 July 1966, by Mr John Merritt.

2

Ph.D. thesis, Columbia University, 1915, p.1899. (Reprinted from Appendix VIII, Fourth Annual Report of the New York State Factory Investigating Commission Vol. IV.

3

20 July 1911.

4

Comm. Court. Federated Storemen and Packers Union of Australia and the Skin and Hide Merchants Association of Brisbane and Others, (1916) Transcript, p.752; also pp.47, 130, 773, 823.

labourer...has usually been paid the lowest wage fixed as a living wage'.¹

Thus from (1) actual wage data collected from business records; (2) a knowledge of conditions existing in the labour market; (3) the attitudes of employers to the general shortage of labour; (4) the records of an important and typical unskilled union; and (5) the testimony of contemporary observers of labour relations, we may conclude that award rates give a reasonably accurate guide to the wages actually received by those working under wages board determinations or arbitration awards.

Non Award Wages

Generalising on the basis of data collected mostly from award rates further suggests that they were reasonably typical of all unskilled wages, whether or

¹ N.S.W. Industrial Courts Inquiry re Cost of Living and the Living Wage, 1913/14, Transcript, p.1507, evidence of leading Trade Union advocate; also pp.668 and 687: unskilled carters getting 'only award rates, never any more'. Comm. Court. Federated Tanners and Leather Dressers Employees Union of Australia and Alderman and Co. (1914) Transcript, Vol. 3, p.129. All labourers paid only award rates. Worker, 27 July 1916: minimum living wage always the maximum. Comm. Court Federated Carters and Drivers Industrial Union of Australia and L. Arthur and Others (1917 Transcript, Vol. 3, p.1332: all unskilled men receive only the basic wage. F.C. and D.I.U. of Australia and Addis and Others (1919) Transcript, Vol. II, p.514. Employers' evidence: unskilled paid only award wages.

not such wages were controlled by industrial tribunals. This is a heroic assumption and may well be ill-justified. While holding the office of Chief Inspector of Shops and Factories in Victoria, Harrison Ord meticulously gathered and published statistical material of average weekly wages paid before and after the first determination made by wages boards. To his expressed satisfaction, the Chief Inspector was always able to show a marked improvement in money wages paid in industries on being first brought under wages board control.¹ As, however, Ord was a keen supporter of legal regulation of wages and might have wished to show trends and movements in their most favourable light;² and, more importantly, as average money wages were rising almost uninterruptedly from the inception of the wages board system, an independent and a more thorough check of relative wages was necessary. Average wage data for adult males in 68 Victorian manufacturing industries were collected and examined to observe wage movement at the time of each industry's first determination. Table 21 presents the percentage increases in average weekly wages³ in the first year of wage board determinations. Alongside each yearly

1

See summaries of various industries in the 'Review of Determinations' in the Annual Reports of the Chief Inspector of Factories and Shops.

2

Victorian Royal Commission 1902/3..., pp.414-6.

3

As described in Chapter 1, p.66.

TABLE 21

PERCENTAGE CHANGES IN AVERAGE WEEKLY WAGES FOLLOWING
FIRST WAGES BOARD DETERMINATIONS, VICTORIA, 1897-1921

	<u>Number of first determinations</u>	<u>Average percentage change for all males</u>	<u>Average percentage change for all males in Victorian manufacturing</u>
1897	1	17.0	3.6
1898	4	6.2	3.5
1899	1	18.1	2.1
1900	-	-	-
1901	16	11.6	3.2
1902	11	11.9	2.4
1903	1	9.1	.6
1904	6	6.8	.9
1905	-	-	-
1906	-	-	-
1907	4	5.2	3.5
1908	3	24.7	1.6
1909	2	13.1	2.9
1910	5	14.4	4.1
1911	1	12.3	10.8
1912	1	15.0	3.7
1913	2	8.2	4.9
1914	2	9.7	.3
1915	-	-	-
1916	2	7.4	6.6
1917	2	17.4	5.3
1918	-	-	-
1919	1	18.2	9.9
1920	1	18.1	8.7
1921	2	13.8	14.8
TOTAL 25 years	68	12.9	4.5

Source: Annual Reports of the Chief Inspector of Shops and Factories, Victorian Parliamentary Papers.

figure is set the percentage increase in average weekly wages for all Victorian manufacturing as a guide to the general movement of wages. Comparison of changes in average wages of workers in particular industries before and after the first determination suggests strongly that at least initially wage conditions were improved by legal regulation, even if this was due as much to levelling up low-wage paying manufacturers to rates paid by 'reputable' employers as to an absolute increase for all employees. Though this still tells us nothing specifically about wage standards of the unskilled in non-wage board industries at any point in time, by inference the improvements registered are indicative of wages in regulated industries being at least as high and almost certainly higher than those not controlled by boards.

The further extension of this assumption, namely that wages in wages board industries, being heavily weighted in favour of manufacturing, were not less than wages in other main sectors of the economy where wages board coverage was thinner, is reasonable given high labour mobility, an abundance of unskilled workers and the failure of such workers to organise in strong and effective trade unions.

Industrial Agreements

It will have been noticed that this discussion as yet has disregarded the influence on wages of extra-tribunal collective bargaining. This omission must be

repaired. Various factors discussed elsewhere,¹ particularly lack of or weak union organisation suggest the unskilled gained little from direct collective bargaining. Some guide to the result of direct employer/employee conferences may be derived from consulting agreements registered with industrial tribunals. (It should be stressed that mostly these agreements were made between unions and employers where the former were of some strength. The F.E.D.F.A.² is the best example of a part craft/part industrial union having considerable bargaining power securing agreements which included above-average wages for the unskilled). Examination of such agreements lodged with the New South Wales Arbitration Court and with the Commonwealth Court indicates a close similarity between wages agreed upon by direct negotiation and the amount prescribed by industrial tribunals. Hence in New South Wales during the first decade, wages for unskilled fixed by agreement range from 6/- to 7/- a day, gradually rising in step with the generality of tribunal determinations while agreements registered with the Commonwealth Court line up with or are sometimes less than awards of the Court. We are not here concerned with cause and effect, but only with the fact that what evidence there is supports the view that wages for unskilled work fixed by the collective

¹

Infra, pp.218-32.

²

Federated Engine Drivers and Firemen's Association.

bargaining process were no greater than those prescribed by industrial tribunals.

Conclusions

Tables 12, 13, 14, 16, and Graph VII demonstrate clearly how far and for how long the minimum wage standard of 7/- a day in real terms was not implemented before 1921. In Victoria, only in 1909, 1911, 1913 and 1916-18 did the average wage prescribed by industrial tribunals for unskilled workers approach 90 per cent of the Harvester Equivalent while four-fifths of this standard was the more general experience. If an average real wage for the two decades is struck (taking an average of the percentage of the Harvester 42/- for each year 1901-20 and representing this in money terms) the wage was approximately 35/1 per week. For the post-Harvester years 1908-20 the average wage was approximately 35/3.

The few awards featuring unskilled workers made by the New South Wales Arbitration Court in the years 1902-8 mostly gave 42/- per week, but this wage would be considerably higher than wages generally received by unskilled workers in this State. Fortunately, the 1906-12 period can be more adequately covered by reference to data of wages of unskilled labourers in New South Wales, detailed in the Statistical Register for these years. Table 22 shows average weekly wages of general unskilled labourers in all sections of manufacturing. It will be seen that the average wage presumably actually received by unskilled wage earners

is appreciably below that based on the few awards of the Arbitration Court.

The higher average wage prescribed for the unskilled (than for Victoria) after the inception and proliferation of wages boards from 1908 suggests a concerted effort to make general the 42/- wage standard, although it must be remembered that because of higher living costs this money wage in New South Wales was of less real value than in Victoria. Even so, of 82 wages boards promulgating determination between 1908 and 1910, 31 prescribed a money wage for the unskilled less than 42/- and by this time the Sydney equivalent of 1907 (Melbourne) 42/- was 47/- to 48/-. However, inflation, accelerating from 1911-12, cut back the New South Wales average weekly wage prescribed for unskilled work to much the same proportionate level as in Victoria. Taking again an average for the years 1908 to 1920, the real wage for the unskilled was approximately 36/2.

The general average of wages prescribed for the unskilled by the Commonwealth Court was higher than for State tribunals. Although Higgins was extremely cautious when adjusting wages to the changing 'cost of living', choosing to calculate increases on the previous calendar year rather than any shorter period,¹ his awards when made approximated more closely to the

1

Higgins' Deputy Justice Powers throughout adjusted to the twelve months immediately preceding the award.

TABLE 22
AVERAGE WEEKLY WAGES OF GENERAL UNSKILLED LABOURERS*
NEW SOUTH WALES MANUFACTURING
(Persons aged 21 years and other)

<u>Group</u>	<u>1906</u>	<u>1907</u>	<u>1908</u>	<u>1909</u>	<u>1910</u>	<u>1911</u>	<u>1912</u>
Treating raw materials	1.18. 4	1.17. 5	1.18. 7	1.19. 9	2. 1. 5	2. 5. 0	2. 7. 6
Oils and fats	2. 2. 9	1.15. 7	1.17.10	2. 1. 7	2. 1. 8	2. 2.11	1. 4. 7
Stone, clay, glass	1.18. 8	2. 1. 5	2. 3.11	2. 4. 1	2. 5. 3	2. 8. 7	2. 6. 4
Working in wood	1.15. 3	1.17. 9	2. 1. 3	2. 2. 9	2. 6. 5	2. 7. 3	2. 8. 0
Metal works	1.19. 8	2. 3.11	2. 1. 2	2. 2. 6	2. 2.10	2. 4. 7	2. 7. 5
Food and drink	1.15. 3	1.16. 1	1.19. 7	2. 1. 4	2. 3. 0	2. 3. 6	2. 5. 4
Clothing	1.11. 3	1.14. 2	1.11. 0	1.14. 5	2. 2. 4	2. 0. 9	2. 2. 3
Paper and printing	1.16. 3	2. 0. 2	1.14. 4	1.17.10	1.17. 6	2. 7. 3	2. 5. 1
Musical instruments	2. 9. 9	1.15. 3	2. 3.10	2. 0. 2	2. 2. 5	2. 6. 4	2. 7. 6
Arms and explosives	-	2. 0. 0	-	-	-	2.10. 0	2. 5. 0
Shipbuilding	2. 1.10	2. 1.11	2. 5. 0	2. 7. 3	2. 6. 4	2. 7.10	2.10. 1
Furniture	1.10. 4	1.17. 1	1.16. 4	2. 0. 2	1.19. 2	2. 2. 3	2. 5. 6
Chemicals	1.16. 9	2. 0. 9	2. 0. 6	2. 2. 2	2. 5. 0	2. 5. 6	2. 8. 5
Surgical and sc. appl's	2. 9. 4						
Jewellery	1. 2. 7						2. 8. 0
Heat, light and power	2. 2. 7	2. 2. 3	2. 4. 3	2. 4. 0	2. 4. 3	2. 8. 9	2. 8.11
Leatherware	1.19. 3	1.15. 6	1.18. 0	-	2. 1. 5	2. 3. 5	2.15. 8
Miscellaneous	1.14. 9	1.12. 1	1. 4. 6	2. 2. 2	2. 8. 4	2. 4.10	2.13.10
TOTAL	1.19. 1	2. 0. 9	2. 1. 4	2. 2. 7	2. 3. 3	2. 4. 4	2. 7. 4
Harvester Equivalent	2. 4.11	2. 4. 7	2. 7. 5	2. 7. 6	2. 7.10	2. 9. 6	2.15. 3
% H/E	87/-	91/4	87/-	90/6	90/1	89/6	86/-

*Comprised of labourers, general hands and yardmen.

7/- real wage standard than did those of Justice Heydon in New South Wales or the wages board chairmen in Victoria. Taking the figures in Table 16, the average real wage, over the 13 years 1908-20 was about 38/5.

However, something of the extent to which even wages prescribed by the Commonwealth Court lagged behind rising living costs can be demonstrated by tracing the experience of unskilled workers in particular industries. Table 23 shows how the infrequency of award variations and the extreme difficulty in getting back into the Court caused award rates to fall seriously behind the Harvester Standard.

Structural Change and Price Inflation

The two main economic forces responsible for the failure of wages of the unskilled to regain the high level of pre-depression years were the continuing unfavourable conditions in the labour market, and price inflation.

In Chapter 1, it was suggested that the fundamental structural changes in the national economy after 1890 caused the supply of unskilled labour greatly to exceed demand at the price generally prevailing in the decades of prosperity. And while those conditions existed, market forces dictated a level of wages materially lower than that judged by the labour movement, by Higgins and some sections of the Australian society to be the minimum Australian standard of living. Graph XI sets out the course of

UNSKILLED WAGES AND G.D.P.

GRAPH XI.

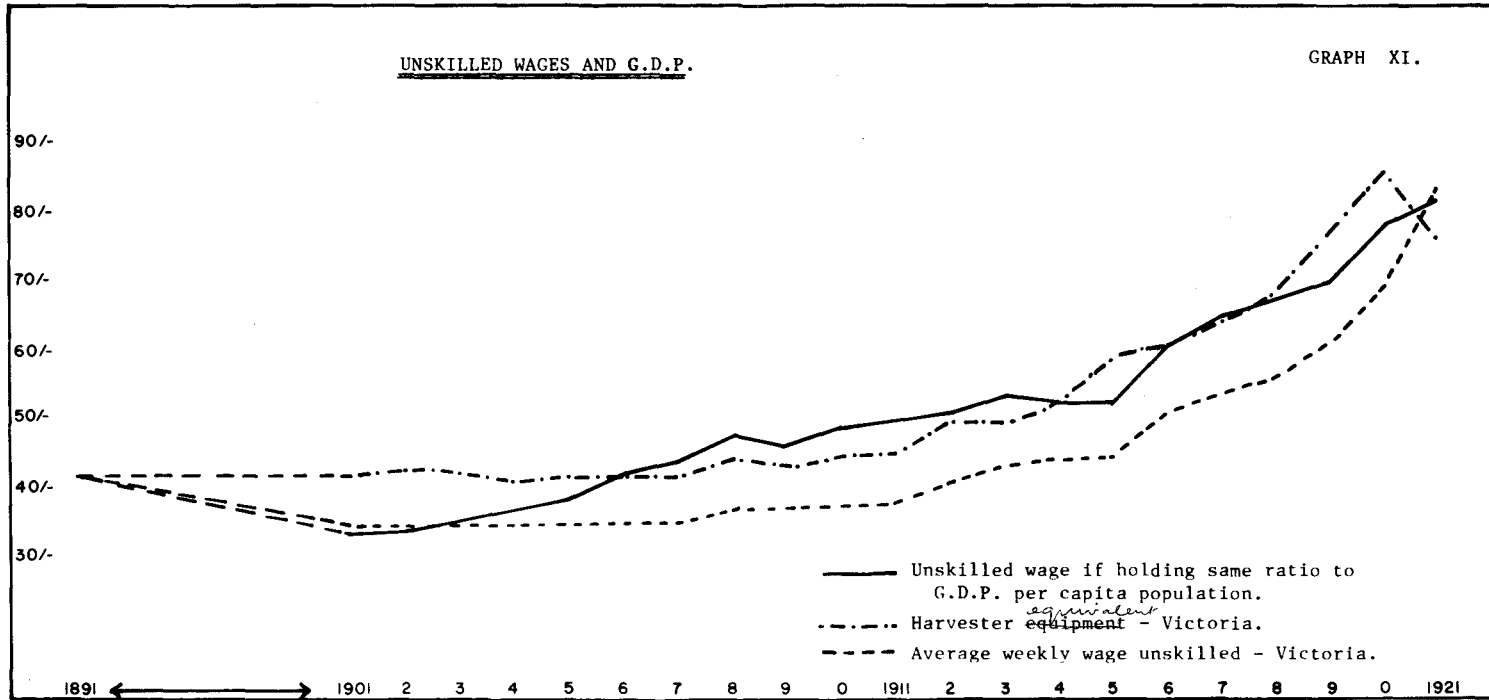


TABLE 23

AVERAGE WEEKLY WAGES OF THE LOWEST PAID GRADE OF
ADULT MALE AS PRESCRIBED BY THE
COMMONWEALTH COURT - SPECIFIC INDUSTRIES

	<u>Marine Cooks, Butchers and Bakers</u> (adult male 'scullerymen')		
	<u>Minimum wage</u> <u>prescribed by</u> <u>Commonwealth</u> <u>Court,</u> <u>average for</u> <u>each year</u>	<u>Harvester</u> <u>Equivalent,</u> <u>Commonwealth</u> <u>average for</u> <u>year</u>	<u>(1) as</u> <u>% of</u> <u>(2)</u>
	(1)	(2)	
1909	42/-	45/6	92.3
1910	42/-	46/6	90.3
1911	42/-	48/-	87.5
1912	42/-	53/-	79.2
1913	43/-	53/-	81.1
1914	49/6	54/6	90.8
1915	49/6	61/4	80.8
1916	53/-	62/3	85.2
1917	57/3	66/4	86.3
1918	60/-	70/8	84.9
1919	64/9	79/11	81.0
1920	64/9	90/11	71.2
1921	82/-	79/6	103.1

Average real weekly wage: 1909-21 = 36/11

TABLE 23 (continued)

	<u>Felt Hatters</u> ('all other adult males')		
	<u>Minimum wage</u> <u>prescribed by</u> <u>Commonwealth</u> <u>Court,</u> <u>average for</u> <u>each year</u>	<u>Harvester</u> <u>Equivalent,</u> <u>Commonwealth</u> <u>average for</u> <u>year</u>	<u>(1) as</u> <u>% of</u> <u>(2)</u>
	(1)	(2)	
1914	50/-	54/6	89.9
1915	51/-	61/4	82.9
1916	51/-	62/3	81.9
1917	51/-	66/4	76.9
1918	60/-	70/8	84.8
1919	60/-	79/11	75.1
1920	60/-	90/11	65.9
1921	79/-	79/6	99.3

Average real weekly wage: 1914-21 = 35/4

	<u>Federated Miller and Mill Employees</u> ('all other adult males')		
	<u>Minimum wage</u> <u>prescribed by</u> <u>Commonwealth</u> <u>Court,</u> <u>average for</u> <u>each year</u>	<u>Harvester</u> <u>Equivalent,</u> <u>Commonwealth</u> <u>average for</u> <u>year</u>	<u>(1) as</u> <u>% of</u> <u>(2)</u>
	(1)	(2)	
1914	50/-	54/6	91.7
1915	51/-	61/4	82.9
1916	51/-	62/3	81.9
1917	56/-	66/4	84.5
1918	60/-	70/8	75.1
1919	61/6	79/11	77.2
1920	75/-	90/11	82.5
1921	77/-	79/6	96.8

Average real weekly wage: 1914-21 = 36/2

Source: Commonwealth Arbitration Reports.

wages of the unskilled if holding to the same ratio of per capita G.D.P. prevailing in 1891 as compared with the average wage actually earned. The gap between the two series is a rough indication of the effect on the unskilled of changing conditions in the labour market, and more importantly, the failure of Australia's industrial tribunals to act as a fully effective countervailing force against economic determinations. In the crude sense it would seem that by 1906-7 national economic capacity was sufficient to permit the return to the high-wage standard of 1891 and incidentally, the Harvester standard for the unskilled. Nonetheless, the bargaining strength of the unskilled, organised or otherwise, the support of interventionist wage fixing tribunals ostensibly concerned to implement a Living Wage, and the general sympathy of most classes in society, failed to substantially change the pattern of wages determined by economic factors.

Price Inflation and Real Wages

If the underlying conditions in the labour market forced and held down wages for the unskilled, their essential complement was price inflation.

For most of the two decades 1901-21, but particularly after 1907, price inflation in Australia was an important talking point in public discussion of economic matters. The two sides of industry assumed diametrically opposite positions. Employers charged that prices were rising solely because trade unions and

wage tribunals forced up wages to unrealistic levels. Moreover, they expressed concern that the rising level of domestic prices worsened their ability to compete against imports from Europe and America, thus increasing unemployment among Australian wage earners. This served as a useful argument to persuade Parliament to raise the protective tariff.

Labour's attitude was ambiguous. Trade unionists and members of the Labor Party uniformly judged price inflation to be caused entirely by the misuse of power by monopoly producers and by others adopting anti-social price agreements to keep up prices and obtain grossly exaggerated profits. Yet until inflation accelerated during the war years, the fall in the value of money was not thought of as necessarily an evil in itself. As in other matters, labour spoke with two voices and acted equally dissimilarly. It condemned out of hand the practice of price fixing agreements, yet when individual unions sought improvements for their members such 'iniquitous' arrangements were not merely condoned but strongly advocated. Very frequently union spokesmen pressed employers to raise prices and openly approved of employers' price fixing agreements. This advocacy was most forcibly expressed before the arbitration courts and wage tribunals. And at least in New South Wales, the Arbitration Court itself was not loth to urge employers to discontinue intense price competition and fix 'fair prices',

especially when an industry could show persuasively its inability to pay the Living Wage.¹

However, an examination of Australian retail prices in the context of world prices suggests for the most part that internal factors were of less importance than those of external origin. The long trough of world prices dating from 1873 ended in the mid-nineties. Thereafter, the upward movement was largely unchecked until 1920. During the first decade of the century the trend movement of Australian prices matched those of other major world trading countries, being especially close to British experience (Graph XII). Only in the post-drought year of 1904 did Australian and British prices materially diverge.

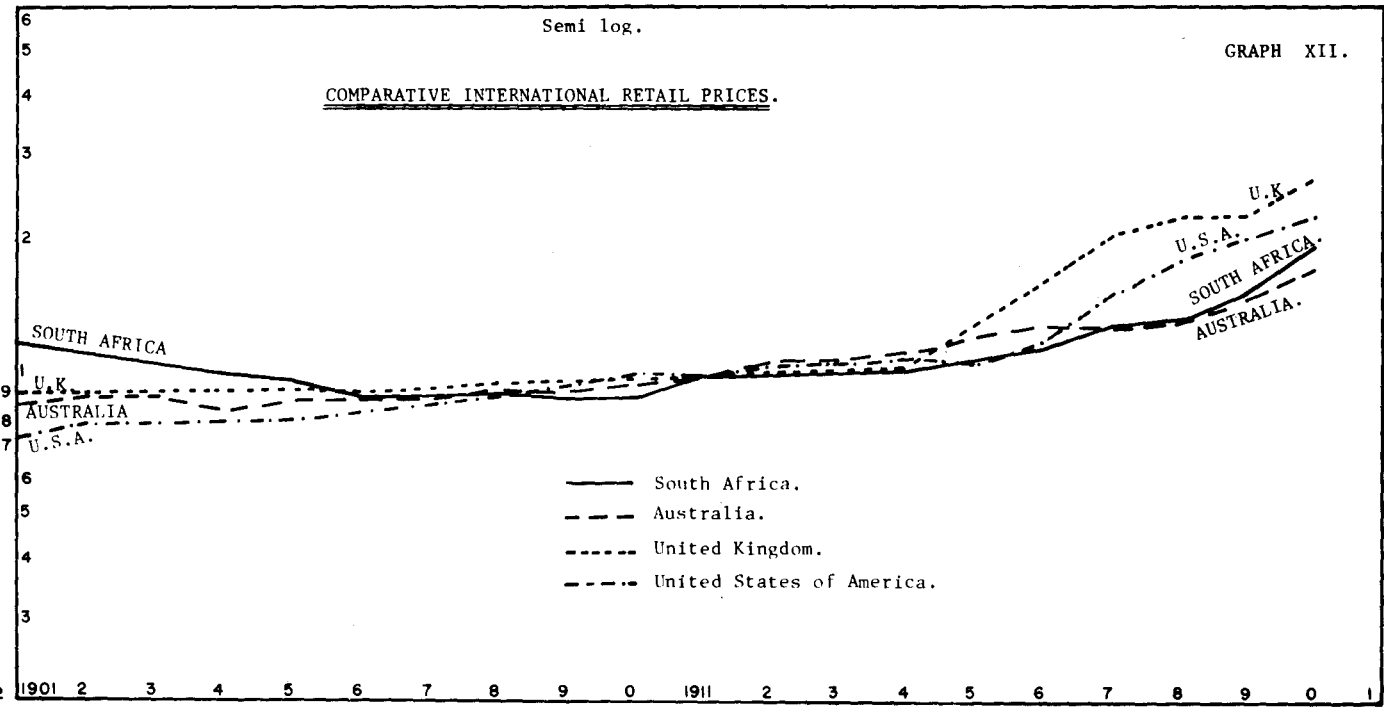
While between 1910-14 world prices continued to rise, albeit slowly, Australian prices rose at a faster rate than the U.K., U.S.A., Canada, New Zealand, and South Africa, suggesting that for these years special internal factors may have accelerated inflation.² As this was also a period of high prosperity, and

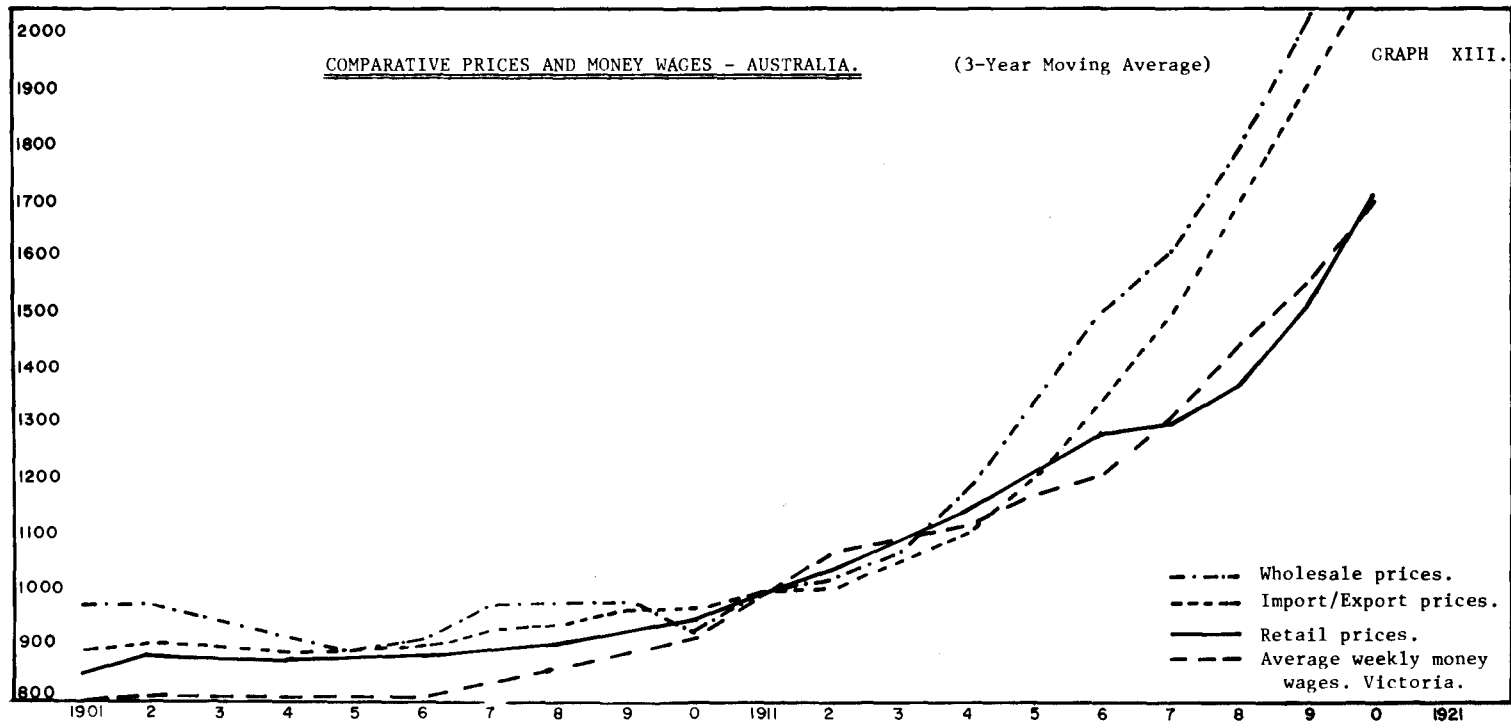
1

N.S.W. Court. Saddle and Harnessmakers' Trade Society of N.S.W. v The Wholesale Saddle Harness and Collar Manufacturers Association, (1903) Transcript, pp.158-9; Broomworkers' Union of N.S.W. v Brush and Broom Manufacturers' Association, (1903) Transcript, p.164.

2

Graph XIII shows average wages to be rising faster than import-export prices.





considerable labour shortage, it is possible that part of the price rise originated in increased wage costs, although the tendency for average wages for all males to rise faster than for the unskilled implies the pressure was greater for skilled men than unskilled labour. Since the latter was still in plentiful supply and wages board adjustments of their wages were spaced two or three years apart, it is to be expected the increases in their wages would lag behind rising prices rather than to be a strong generating impulse in the upward price movement. This is possibly less true for skilled men. Evidence given by employers to the Royal Commission on the Alleged Shortage of Labour in New South Wales supports the general economic principle that in a tight labour market, employers bid against each other for scarce labour, thereby directly raising production costs.¹ And given the additional protection granted by the 1908 tariff, employers might more easily be able to pass on higher labour costs in the form of increased prices, thus maintaining customary profit margins, although the share of value added going to wages figures shown later² might suggest otherwise.

The years 1914-21 are of great confusion wherein external and internal causal factors become inextricably mixed and defy analysis - at least at this level of investigation. As a generalisation it may be

1

See examples quoted in Appendix 3.

2

See graphs XIX and XX.

held that for the first two years of the war Australian retail prices rose at approximately the same pace as those of other countries, though slower than British, and thereafter rose less fast than those of any other country. While this record of relative price experience does not preclude the presence of wage-cost inflation, the movement of world prices is generally indicative of exogenous factors - import and export prices being the prime movers in lifting the Australian price level. Such a conclusion can be supported by observation of the strength of labour vis-a-vis employers. In sharp contrast with other countries where economies were extended to cope with war needs and labour was at premium, the principal feature of the Australian economy was the return of high unemployment - especially in Victoria where the average year's figure for unemployment during 1914-18 was 8.9 per cent. And these are hardly ideal conditions for labour to coerce employers into raising real wages. Indeed, both the sharp fall in real wages, caused by adjustments lagging behind price increase, and the long movement of a reduced share of value added going to wages point to labour's relative weakness, this weakness being not fully compensated for by the functioning of wages boards and arbitration courts.

On the other hand, D.B. Copland argued strongly that though in pre-war years world price movements may have been the main determinant of Australia's internal price movement, the abandonment of the gold standard

and subsequent expansion of inconvertible currency was the stronger influence after 1914.¹

Whether price inflation was caused mainly by internal or external factors, its effect on the level of real wages was very great.

From Tables 12, 14 and 16 it can be seen that whenever the movement in prices slowed long enough for the awards and determinations to have some meaning in real terms, wages of the unskilled moved somewhat closer to the Harvester wage. In Victoria, 1908-13, prices rose from 975 to 1106 (1911 = 1000), a yearly average of 3.3 per cent, whilst wages for the unskilled increased from 842 to 1087, that is 6.1 per cent per annum - this movement is probably accounted for by the wages boards gradually eliminating very low wages for some grades of the unskilled, and the obtaining of above Harvester wage by some of the more able labourers. A similar closing movement is observable for the period 1916-19 when prices rose by a yearly average of 4.5 per cent and wages by 6.3 per cent, lifting average wages for unskilled as a percentage of the Harvester wage to 87 per cent in 1917, the highest point since 1911. However, as in the earlier periods, sharply rising prices matched by relatively slow responses by wage

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See 'Currency Inflation...in Australia', Economic Journal, Vol. 30, 1920, pp.484-509. Also G.L. Wood, Borrowing and Business in Australia, London 1930, Chapter XIII.

adjustment procedures cut unskilled wages back in 1920 to 75.2 per cent of the Harvester wage (Victoria). This (1920) was thirteen years after Higgins declared 42/- per week to be the very minimum below which no Australian adult male worker ought ^{to} not be expected to fall. Only in 1921, when prices fell substantially, and most industrial tribunals granted the full Harvester wage was Higgins' Living Wage finally established. From this point and until the 10 per cent wage cut in 1931, the Harvester Standard was protected from the vagaries of price movements by quarterly adjustments of wages.

Wage Differentials

(a) Labourers and sub-labourers

The final imposition in 1921 of a national minimum wage based on a standard of the nineties and as specified by Higgins in his Harvester Judgment was associated with the closing of two sets of differentials: those among different grades of the unskilled and those between the skilled and the unskilled. In the 1900s wages received by unskilled varied extensively both as between industries and between individuals or groups of individuals within particular industries. In fact, wages for non-craftsmen ranged from about 25/- a week for adult males in food and drink processing, 30/- for dye house labourers in woollen mills to the full Harvester wage and more for 'pick and shovel' men, builders' labourers,

ironworkers' assistants and sawmill labourers who might well be described as the 'aristocracy of the unskilled'. Quite apart from ignoring the Higgins' lead and adhering to the criterion of industry's capacity to pay,¹ a study of determinations illustrates wages boards' chairmen's reluctance to prescribe full labourers' wage status to lowlier employees such as yardmen, carters, stablemen, etc. For example, the Victorian confectioners wages board prescribed 40/- per week for labourers in 1901 and 36/- for 'Storemen over 21'. In the 1911 determination, labourers' wages were increased to 42/- while general (adult male) workers stayed at 36/-. Similarly, the woodworkers board prescribed 42/- for labourers in 1901 and 36/- for adult male yardmen and pullers-out. By 1911, the rates had risen to 45/- and 39/-, and in 1912 to 48/- and 42/- respectively. In some industries, 'general workers' was a compendious term used to lump together all such adult male employees not deemed worthy of the description and the wages of the labourer. Increasingly, however, the stipulation of sub-labourer grades was replaced by the category 'all other adult males'. By 1921 it was exceptional for a determination to single out any adult male for sub-minima. Over a decade (1911-21), caretakers and watchmen, pullers-out and carriers-to-machines were brought into wage respectability - were accorded both the status and the

1

Infra, Chapter 9.

wage rates of 'labourers'. To illustrate: in 1900 builders' labourers struck for and won 42/- for a 48 hour week. Municipal labourers in both New South Wales and Victoria were with few exceptions paid the same wage. In contrast, adult males in the jam industry were awarded 30/- for a 52 hour week in the determination of June 1901 (not varied to 36/- until 1907), and in the aerated waters trade adult males not elsewhere included were awarded the same amount in June 1904. Many other examples could be quoted showing there to have been a wage differential between the highest and lowest paid unskilled of about 30 per cent. By 1920 the money rate for builders' labourers in Melbourne (a collective bargain rate) had risen to 82/6, the same amount being paid to municipal labourers, while in the same year 'all other males' in the jam industry were awarded 78/-, and the same category of workers in aerated waters were given 80/-, a differential of 4.5 per cent and 3 per cent respectively. And this is broadly representative of the trend set for the unskilled both within and between industries.

Probably the closing of intra-unskilled workers' differentials was the most important role played by industrial tribunals in these two decades. For whilst the play of market forces, the exigencies of war, and price inflation prevented the general level of labourers' real wages from rising, the ragged edges of the wage structure were tidied, and very gradually all adult males were lifted up to the 'labourers' wage.

The timing of this movement is extremely difficult to trace, but an attempt has been made to show the merging of the two major groups, for convenience here termed labourers and sub-labourers.

Graph XIV shows changes in wage rates for full labourers and a selection of sub-labourers. The first group comprises 'labourers' in building, woodworking, tinsmithing, stone cutting, sewer building, engineering, electric installation, electric supply, carriage trade and municipal authorities. The sub-labourers are adult male workers described mostly as 'Other Adult Males', or general workers, or names peculiar to the industry concerned, e.g., 'lining cutters' in tie making, jewellery, pastry cooks, plate glass, soap and soda, tea packing, starch, waterproof clothing, and woollen mills.

From these data it is clear that marked differentials among unskilled wage earners were maintained until approximately 1915, whereupon the gap closed without serious interruption until 1918-19, when the sub-groups were quite dramatically lifted to a level on par with labourers per se.

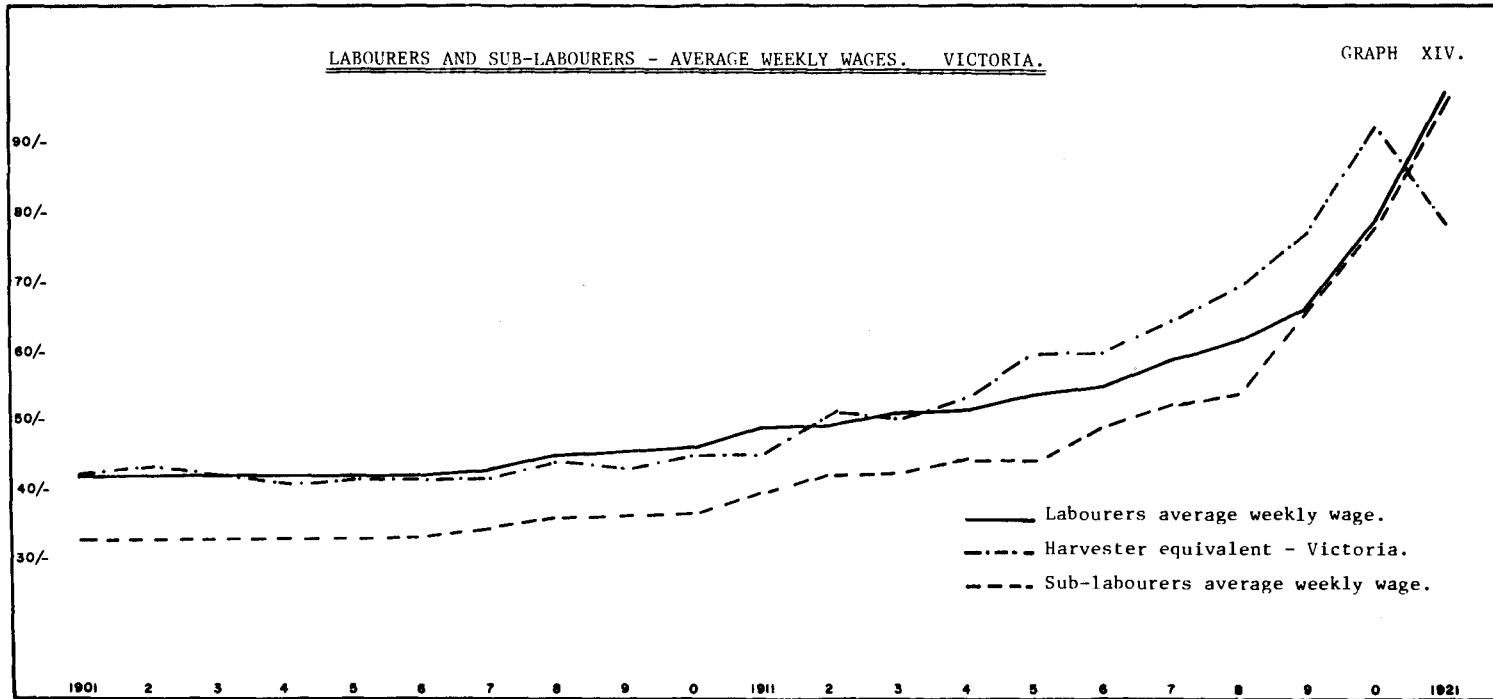
This seems to suggest that there were two broadly based minima for unskilled until about 1916. One pitched at approximately 30/- to 35/- for sub-labourers and the other at approximately the Harvester standard of 42/-.¹ For both it is likely that the wages paid

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Though this was not maintained between 1914 and 1920.

LABOURERS AND SUB-LABOURERS - AVERAGE WEEKLY WAGES. VICTORIA.

GRAPH XIV.



may not have greatly exceeded those which would have been decided by the play of conditions in the labour market and the degree of trade union organisation attained by different groups of the unskilled.

(b) Skilled and unskilled

Tracing the movement of differentials between skilled and unskilled is less straightforward. New industries, transformation and expansion of the old, improved techniques both directly in production and organisationally in management make comparison of specific job categories over time an extremely hazardous exercise. Only for Victoria are there wage data furnishing an unbroken series from 1890 to 1921, hence most attention was again paid to this State. Such were the changes wrought during the depression that a direct comparison between 1890 and later years is not too helpful.¹ For 1901-1921 in only eighteen manufacturing and building industries is it possible to identify skilled job categories that it can be reasonably held were constant throughout. From 1907 to 1921, 28 industries or sub-industries provide a reasonably clear comparison for the purposes of matching representative skilled with the unskilled and determining wage differentials. It should be stressed that the selection of crafts was determined strictly by the need for a continuous series. Hence, not always was it feasible to take the most suitable craft, as

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Supra., pp.114-5.

frequently, due to reorganisation of work processes or technological innovation, new crafts appear and old ones disappear during the period under study. What, then, has been sought is the trend movement in wage differentials based on what are judged to be skill differentials held constant from 1901 or 1907 to 1921.

Figure 2 shows the movement in differentials from 1901 to 1921, indicating a continuance of the drift to wider differentials until 1907. Thereafter the movement is reversed, the arithmetic mean shifting from 26.50 (1910) to 22.21 (1915) and 15.71 (1921). From 1910 it was possible to raise the sample to 34 industries, and to 38 from 1915. The comparisons are as follows:

FIGURE 2

ARITHMETIC MEAN OF DIFFERENTIALS, 1910-21
(Percentage)

	<u>18</u> <u>industries</u>	<u>28</u> <u>industries</u>	<u>34</u> <u>industries</u>	<u>38</u> <u>industries</u>
1901	28.61	-	-	-
1907	29.06	28.60	-	--
1910	-	26.50	26.55	-
1915	-	22.21	22.12	22.28
1916	-	21.71	-	-
1917	-	20.03	-	-
1918	-	19.28	-	-
1919	-	17.53	-	-
1920	-	16.96	-	-
1921	-	15.71	15.64	15.68

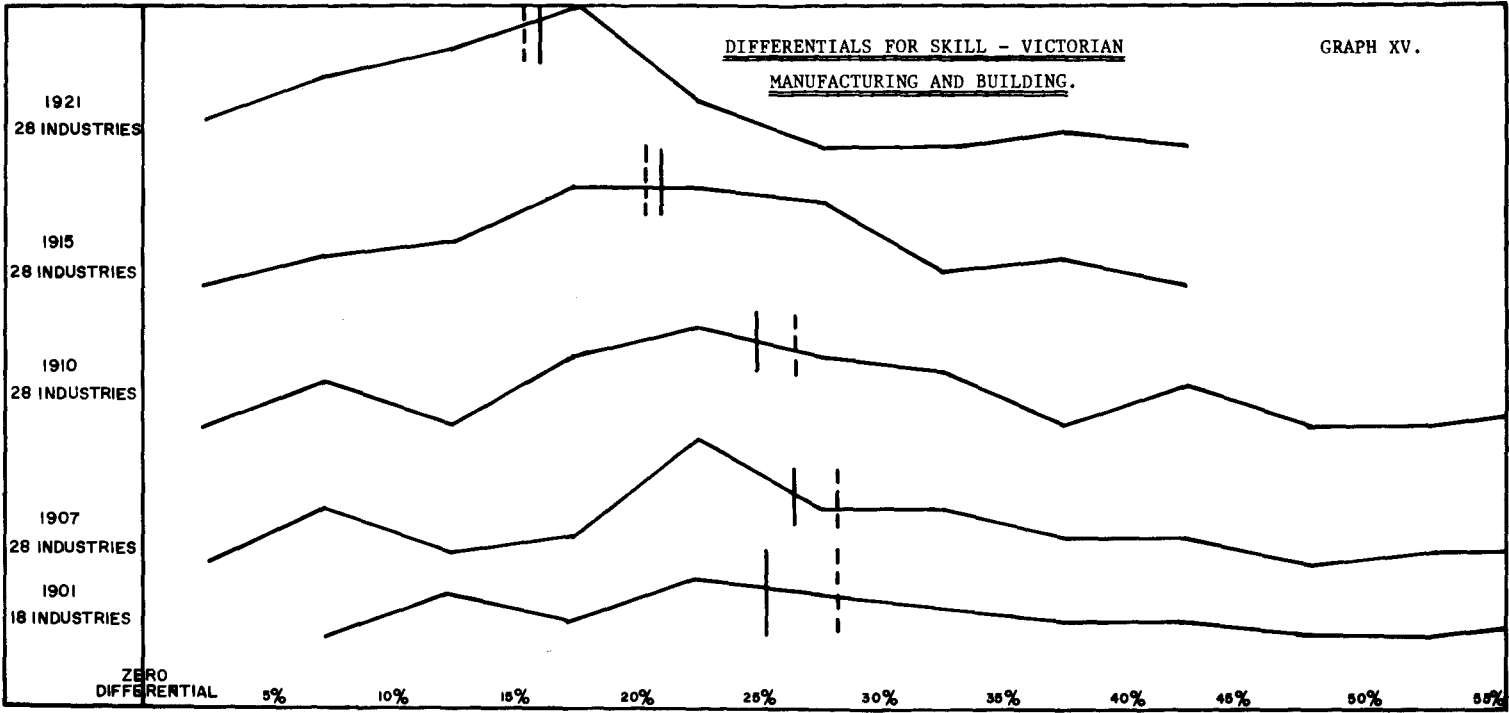
To express these data more clearly, frequency distribution curves were prepared for each year (Graph XV) and the curves indicate that the larger number of industries are located in a bunched formation. Moreover, the dispersion of variables decreases progressively, indicating a reduction in the range of differentials among different industries. The further check was made by showing the arithmetic mean alongside the median.

Taking simple mean averages, however, could be grossly misleading, especially if the differentials in more important industries closed less than or moved in a manner contrary to that of a larger number of small (employment) industries. It was decided to calculate a weighted average for as many industries as data of adult male employment were available. For 1901 this was limited to 16 industries, but figures for 23 industries were obtained for other years. The comparison is shown in Figure 3.

FIGURE 3

	<u>Unweighted average</u>	<u>Weighted average</u>
1901	28.61	28.63
1907	28.60	28.24
1910	26.50	27.47
1915	22.21	24.18
1921	15.71	18.62

The difference between the unweighted and the weighted averages from 1910 is largely the product of a smaller than average differential convergence in the metal trades group. While the closing movement for all



industries between 1907 and 1921 is approximately 13 per cent, in the large and growing engineering and carriage and vehicle industries it was 7 per cent and 3 per cent respectively. The notable exception here was ironmoulding where differentials closed by 18 per cent.

Nonetheless, whichever method of calculation is applied, nominal wage differentials for skill were substantially reduced. In part this resulted from the tribunals' disinclination to preserve some proportionate differentials when adjusting wage rate to allow for rising living costs. Of the industries studied only in tinsmithing, wireworking, paper making and building (carpenters) were 1901 proportionate differentials held in 1921. Nor even were money differentials maintained in many instances. Of 41 industries examined, 21 registered some, though often very small, increases in money differentials, 4 held the same all along, and in 16 there occurred not insubstantial reductions. While this practice was gradual from 1907, the real acceleration happened in the war years and the immediate post-war period as wage boards almost as one geared wages of the unskilled up to the real Harvester wage.

A further characteristic of closing differentials is the greater than average movement in industries using cheap unskilled labour. Thus in biscuit making wage differentials between bakers and all other adult males closed from 37 per cent (1901) to 11 per cent (1921), confectioners from 28 per cent to 11 per cent, cycles

43 per cent to 19 per cent, pastrycooks 43 per cent to 21 per cent, picture frames 33 per cent to 10 per cent, and agricultural implements 28 per cent (1907) to 10 per cent (1921). Where, however, differentials were really 'customary' as in engineering, carriage working, building, nailmaking, etc., the closing movement is far less marked.

Because in 1900 the Statistician substituted average weekly wages for wage rates for various manufacturing occupations, New South Wales data are unobtainable until wage boards proliferated after 1908. A sample test was made for 1910 and 1921, and the results are shown, set alongside the relevant Victoria data:

FIGURE 4

<u>ARITHMETIC AVERAGE OF SKILLED/UNSKILLED DIFFERENTIALS</u>		
<u>1910-21</u>		
	<u>N.S.W.</u>	<u>Victoria</u>
	<u>24 industries</u>	<u>28 industries</u>
1910	27.08	26.50
1921	13.45	15.71

As both the grades of craftsmen selected and the industries surveyed were similar in the two States it is reasonable to conclude that the converging of nominal rates was not peculiar to Victoria.

It ought not to be concluded, however, that wages received by skilled and unskilled bore the same relationship to each other as the above data imply. What has been treated so far are wage rates as

prescribed by industrial tribunals,¹ and although it is reasonable to believe that these rates approximated received rates for the unskilled generally, this conclusion cannot be extended to many of the skilled.

Growth in manufacturing industries from the mid-nineties was not uniform. And the unevenness of growth raised demand for some old and new crafts, whereas those skilled in some others were either made redundant or were in plentiful supply. As a generalisation, however, it can be held that from 1906-7 and for some grades before this, craftsmen were in short supply - and increasingly so. Employers bid among themselves for scarce labour resources, raising the price above legally prescribed rates (see Appendix 3). Though difficult to date, the periods of acute shortage of skilled labour were approximately from 1904-5 to the end of 1913, patchily in the war years with demand being higher in New South Wales than Victoria, and generally again from 1918 till early 1921. Again to an extent which cannot so far be calculated, over-award payments for most of the period offset, in terms of actual wage rates, the tendency for differentials in nominal rates to move closer together. To show this

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Exceptionally, alternative sources were consulted, i.e., State Statistical Registers, Year Books and Labour Reports, but chiefly to fill gaps in Factory Inspectors' Reports or to take out an important work group such as the building trade for whom no determination was made until late in the period.

compensation effect, the Victorian unskilled average wage series has been plotted alongside the weighted average wages series for all male workers in Victorian manufacturing industries regulated by wages boards.¹

Graph XVI illustrates the convergences and divergences of the two series. Of particular interest is the relatively faster rise of the all males series during the period of great labour shortage 1909-13; the subsequent convergence until 1917 when, given high unemployment, the over-award compensation effect would weaken, and narrowing nominal rate differentials pull the two series together; and the reappearance of over-award payments till early 1920 reversing the trend once again.

It is necessary to re-emphasise that the foregoing analysis is concerned exclusively with Victoria and the experience of this State, especially in view of important differences in unemployment, may not accurately reflect conditions elsewhere. As for nominal wages, the New South Wales average wage data are more inaccessible and less satisfactory. To make a rough comparison, however, the average wages for unskilled series have been matched with an alternative wage index calculated for both Victoria and New South

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The weighted average weekly wages series set out in Chapter 1, Table 1, has been extended from 1914 to 1921 (see Table 24). As the unskilled nominal wages series was computed mostly from wages board minima, it was decided that the most appropriate matching series would be one of average weekly wages (males) in the wages board sector only.

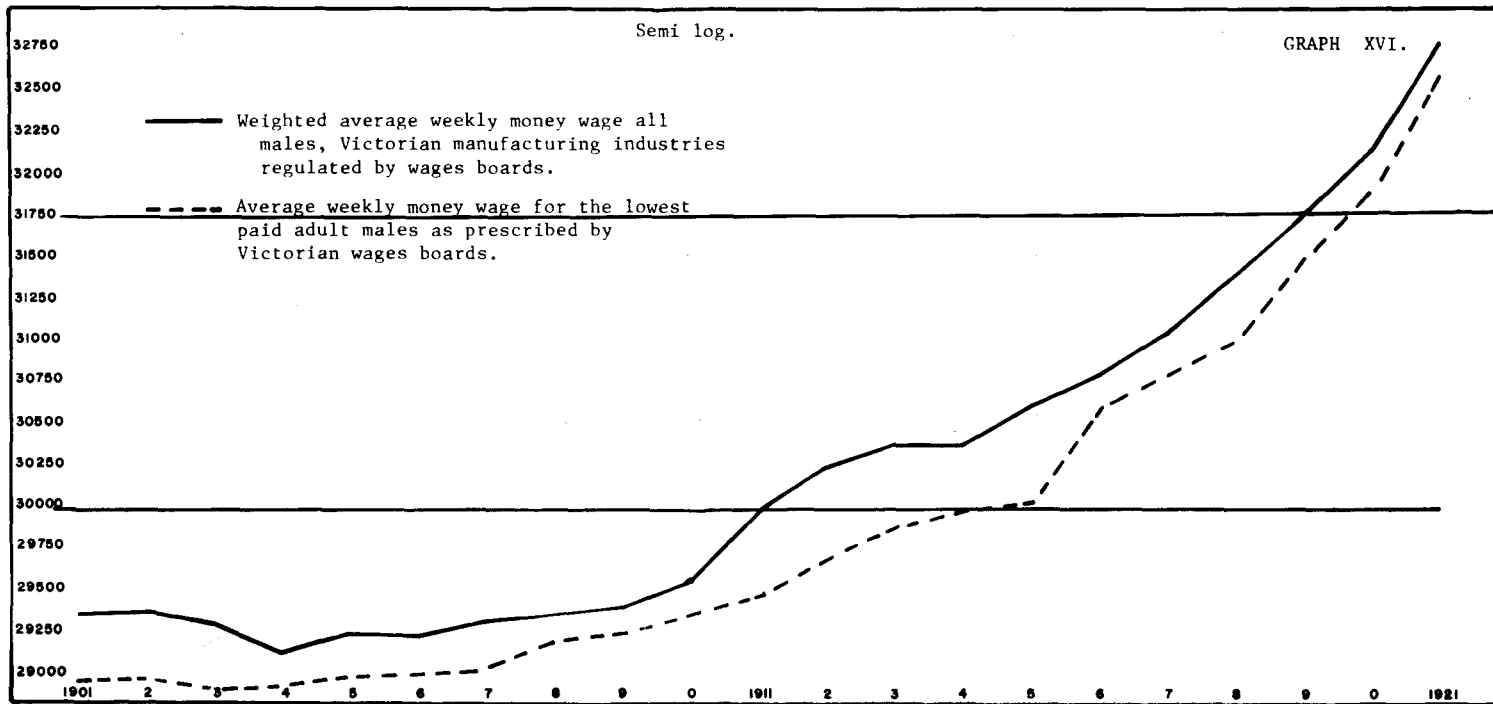


TABLE 24
WEIGHTED AVERAGE WEEKLY MONEY WAGES PAID TO ALL MALES IN
VICTORIAN MANUFACTURING, 1901-21

	<u>Wages boards</u> <u>industries</u> (1)	<u>Non-wages boards</u> <u>industries</u> (2)	<u>Total</u> <u>males</u> (3)	<u>Total</u> <u>females</u> (4)	<u>(4) as %</u> <u>of (3)</u>
1901	1.18. 4	1.12. 3	1.14. 8	0.14. 2	40.9
1902	1.18. 4	1.12. 2	1.15. 6	0.14. 3	40.2
1903	1.17.10	1.12. 4	1.15. 4	0.14. 9	41.8
1904	1.16. 4	1.11.11	1.14. 8	0.13.10	39.9
1905	1.17. 6	1.11. 7	1.15. 1	0.13.11	39.7
1906	1.17. 4	1.12.11	1.15. 7	0.14. 1	39.6
1907	1.18. 1	1.14. 6	1.16.10	0.14. 6	39.4
1908	1.18. 5	1.15. 8	1.17. 5	0.14. 7	38.9
1909	1.18. 9	1.16. 3	1.18. 6	0.15. 8	40.7
1910	2. 0. 2	1.18. 0	2. 0. 1	0.16. 6	41.2
1911	2. 4. 6	2. 2. 9	2. 4. 5	0.18. 7	41.8
1912	2. 6.10	2. 5. 2	2. 6. 1	0.19.10	42.5
1913	2. 8. 8	2. 5. 8	2. 8. 4	1. 0. 8	42.7
1914	2. 8.10	2. 4. 7	2. 8. 6	1. 1. 4	43.9
1915	2.11. 5	2. 9.10	2.11. 4	1. 2. 0	43.0
1916	2.13.11	2.14. 6	2.14. 0	1. 3. 8	43.8
1917	2.16. 9	2.15. 4	2.16. 8	1. 5. 3	44.5
1918	3. 1. 2	3. 5. 0	3. 1. 8	1. 7. 4	44.3
1919	3. 7. 6	3.14.11	3. 7. 9	1.11. 2	45.9
1920	3.13. 1	4. 1. 4	3.13. 8	1.16. 3	49.2
1921	4. 4. 9	4. 1. 2	4. 4. 7	2. 0. 3	47.6

Source: Annual Reports of the Chief Inspector of Factories and Shops, Appendices B and C.

Wales by dividing annual wage data in manufacturing (published in State Statistical Registers) by total male employment for the same industries.¹ It is conceded that little reliance can be placed on these series as such; the intention here in using them is merely to illustrate the similarity of movement between the two States, thus supporting the judgment that Victorian conditions were not atypical of eastern Australia. Graph XVII shows a general coincidence of movement in Victoria and New South Wales, average yearly earnings for all males moving away from the solely unskilled wage index in times of economic well-being, reconverging when the shortage of skilled labour eased. In New South Wales, however, the level of unemployment during the war years was very much lower than in Victoria (Table 25), hence the probable continuance of considerable over-award payments and the absence of a fall-off in the total males wages series between 1915 and 1918.

In sum, whilst nominal rates point to a steady erosion of inequalities between skilled and unskilled, the relative shortage of skilled labour and continuing abundance of unskilled caused market forces to operate to widen real differentials when the economy was expanding. Only when in 1921 there was a coincidence of economic contraction, price fall, and institutional efforts to lift wages of the unskilled was the full

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Excluding working proprietors in both series.

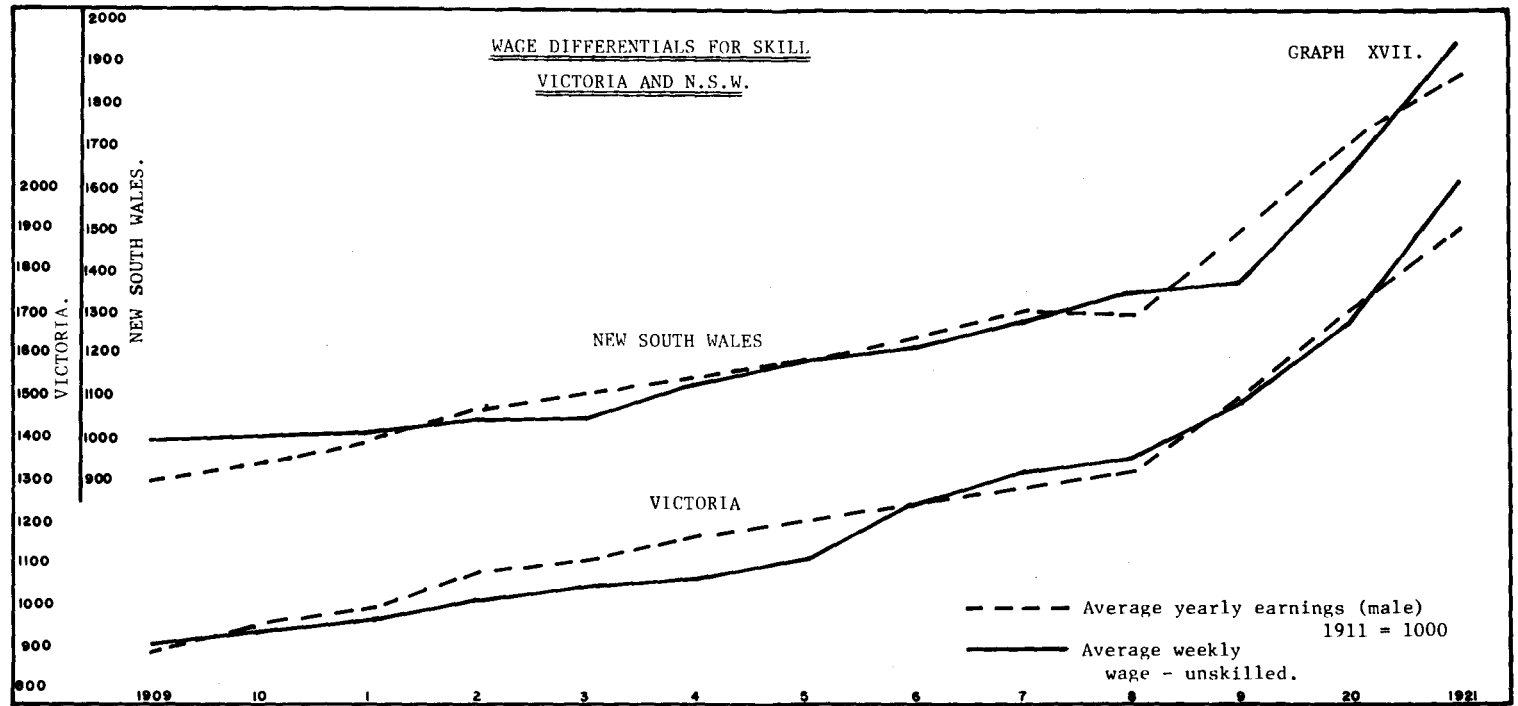


TABLE 25

TRADE UNION UNEMPLOYMENT: VICTORIA,
NEW SOUTH WALES, COMMONWEALTH, 1912-22

<u>Year</u>	<u>Quarter</u>	<u>N.S.W.</u>	<u>Victoria</u>	<u>Commonwealth</u>
1912	1	-	-	-
	2	-	-	-
	3	-	-	-
	4	4.9	6.7	5.5
	Average			
1913	1	6.5	7.0	6.4
	2	6.4	8.5	7.3
	3	5.6	8.3	7.0
	4	4.5	5.8	5.3
	Average	5.6	7.4	6.5
1914	1	6.4	4.9	5.9
	2	5.8	5.2	5.7
	3	9.3	11.3	10.7
	4	6.9	14.1	11.0
	Average	7.1	8.9	8.3
1915	1	8.3	14.6	12.0
	2	7.7	12.2	9.5
	3	7.0	9.2	8.8
	4	5.5	7.9	6.8
	Average	7.1	11.0	9.3
1916	1	5.7	5.8	5.9
	2	4.4	6.7	5.3
	3	3.9	7.5	5.3
	4	5.7	9.1	6.7
	Average	4.9	7.3	5.8
1917	1	6.5	9.0	7.5
	2	5.5	9.4	6.3
	3	5.9	11.4	7.1
	4	6.4	10.6	7.4
	Average	6.1	10.1	7.1

TABLE 25 (continued)

<u>Year</u>	<u>Quarter</u>	<u>N.S.W.</u>	<u>Victoria</u>	<u>Commonwealth</u>
1918	1	5.0	6.1	5.5
	2	4.9	7.3	6.2
	3	6.5	6.4	6.1
	4	3.6	6.2	5.5
	Average	5.0	6.5	5.8
1919	1	5.6	6.0	6.5
	2	8.4	7.2	8.5
	3	5.6	5.2	6.2
	4	5.0	4.3	5.2
	Average	6.1	5.9	6.6
1920	1	5.5	4.5	5.6
	2	5.5	5.6	6.2
	3	5.2	5.3	6.2
	4	6.9	7.3	7.8
	Average	5.8	5.7	6.4
1921	1	13.7	8.7	11.4
	2	13.5	9.8	12.5
	3	12.3	10.2	11.4
	4	11.9	5.9	9.5
	Average	12.8	8.6	11.2
1922	1	11.1	6.2	9.2
	2	11.4	7.8	9.6
	3	11.9	7.4	9.6
	4	11.4	5.2	8.6
	Average	11.5	6.6	9.2

Source: E.R. Walker 'Unemployment in Australia', M.A. thesis, Sydney 1930.

effect of narrowed differentials of nominal rates fully apparent.

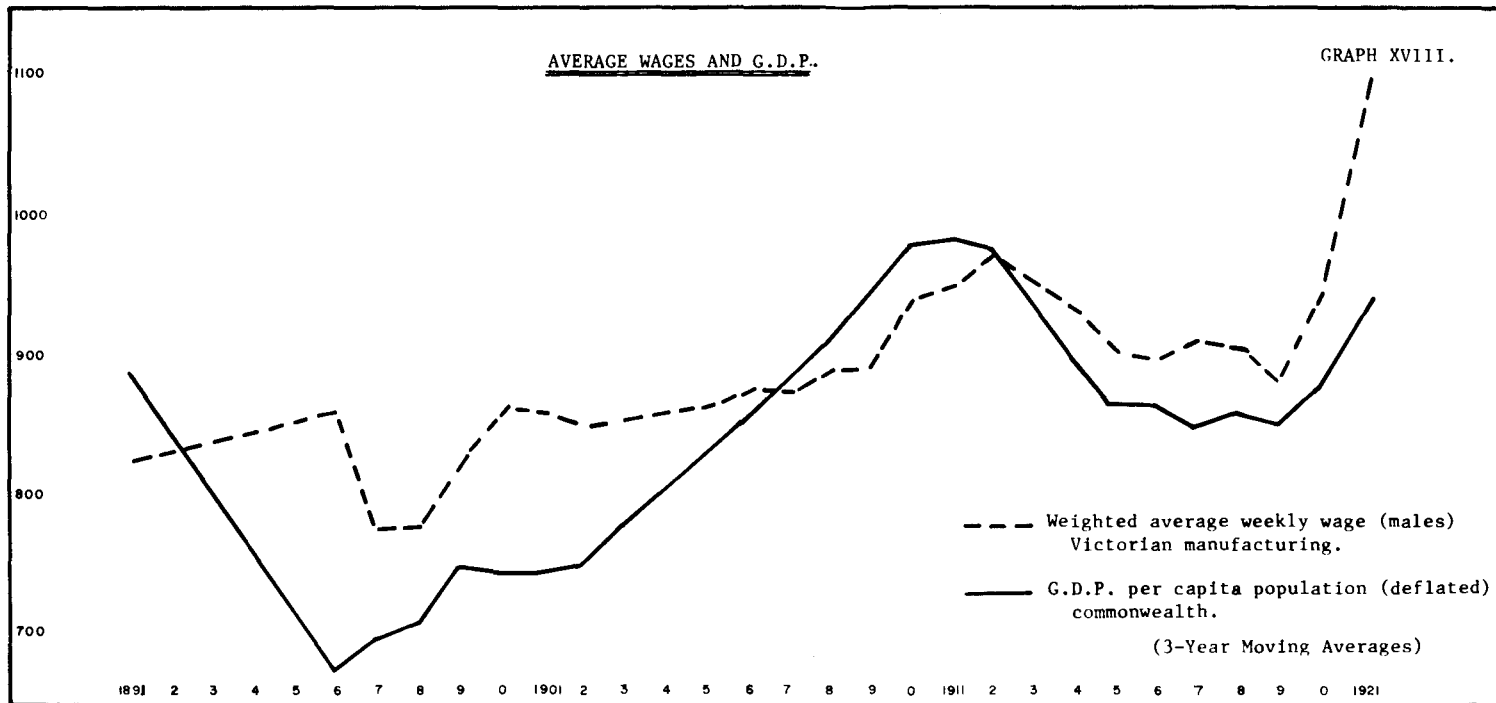
General Wage Experience

War time experience has daunted most observers: 'the conditions of...[war] time were too abnormal to bear examination, in an economic sense...'¹ It is not part of this thesis to narrate, far less to analyse the complex of factors influencing economic conditions. As, however, labour thinking and actions on wages matters were formulated in the light of immediate as well as past experience, and some industrial tribunals necessarily heeded changes in the economy when applying wage principles, some brief account of general conditions as they affected wages is required.

In terms of per capita gross domestic product (deflated), Australian economic growth was of the order of 2.2 per cent per annum between 1902 and 1911, this despite the not inconsiderable setbacks in 1904-5 and 1907-8. And throughout this long period of expansion, national income rose faster than average wages (see Graph XVIII), giving labour the vague and uneasy impression of wage earners being deprived of the 'fair share' of rising prosperity. By 1913, however, the peak of prosperity had passed and the outbreak of hostilities more coincided with than caused economic depression and the renewal of heavy unemployment. National economic performance declined steeply until 1915, recovering transitionally to 1917 only to fall in

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Wood, *Borrowing and Business...*, p.163.



1919 to the lowest per capita income figures since 1905. In fact, measured in this crude fashion, per capita national income may not have reached the 1911-12 high point again until after the second world war¹ (Table 26).

But gross domestic product is an insufficiently precise measure for the purpose of gauging economic capacity to pay a certain level of wage rates as it is silent on the question of distribution of the national income. The sharp decline in 1914-16 reflects more the halving of the share of GDP attributable to the pastoral industry whilst other primary producing activity was similarly affected. A similar pattern can be detected for the low point of 1919 when pastoral, agriculture, mining and dairying all experienced sharp reverses. Similarly and more consistently, activity in the construction sector declined seriously, remaining at a very low level until 1919. The decline in manufacturing, though considerable, was not of the same magnitude and between 1914 and 1916 was associated with an absolute fall in numbers employed.

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For a more precise estimate of changes in per capita consumption see N.G. Butlin, 'Long Run Trends in Australian per capital Consumption', and R. Mendelsohn, 'The Australian Standard of Living and Development of Social Welfare', in National Income and Social Welfare, Ed. J.K. Hancock, Melbourne 1965.

TABLE 26

GDP PER CAPITA: COMMONWEALTH, 1891-38

(Constant prices)

	£
1891	65.3
1896	51.8
1901	54.0
1902	53.8
1903	57.5
1904	60.5
1905	59.9
1906	63.5
1907	65.2
1908	66.0
1909	69.8
1910	73.1
1911	73.6
1912	70.3
1913	71.9
1914	65.1
1915	60.8
1916	65.2
1917	65.3
1918	64.1
1919	60.2
1920	63.7
1921	69.3
1925	71.6
1928	66.5
1930	62.3
1935	65.8
1938	71.3

Sources: GDP - Butlin, Australian Domestic Product..., pp.460-1; Demography Bulletins.

Hence the long trough in real GDP per capita reflects in part at least the drastically reduced incomes of primary producers (at different times) and of those connected with and affected by the very substantial curtailment of construction investment - private and public. Since important sectors of Australian manufacturing and distribution and services had close sustaining links with primary production, the reappearance of heavy unemployment, particularly in Victoria, is understandable. Wage earners' reduced bargaining power coincided with serious monetary inflation and real wages fell dramatically - a movement labour unions could do little to check. Nonetheless, if experience in earlier periods of heavy unemployment is any guide, wage reductions may have been less than would have occurred without the support of the by then comprehensive system of compulsory wage fixing and adjustment. The continuity of trade unionism throughout may have kept wages near the union rates for the more strongly organised, but others, especially the unskilled, may well have fared even worse than the wage data offered earlier in this chapter suggests.

In general, then, the impression is one of wage earners suffering a sharp reduction in real incomes from 1913¹ to 1915-16 and recovering strongly until 1918 when again severely cut by price inflation. Over the whole period however the loss of real income was

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The apparent turn-down of wages in 1912, shown in Graphs I, II, III and XVIII results from the 3 year smoothing process.

not restricted to wage earners, but was a sharing of the decline for the whole community. Nevertheless, given a probable uneven distribution of reductions in incomes among non-wage earners, it may still have been, as unionists were wont to believe, that real wages fell whilst war time profiteering in some sectors went unchecked. In the absence of quantitative data for other sectors, only for manufacturing is it possible to attempt to validate or disprove this contention.

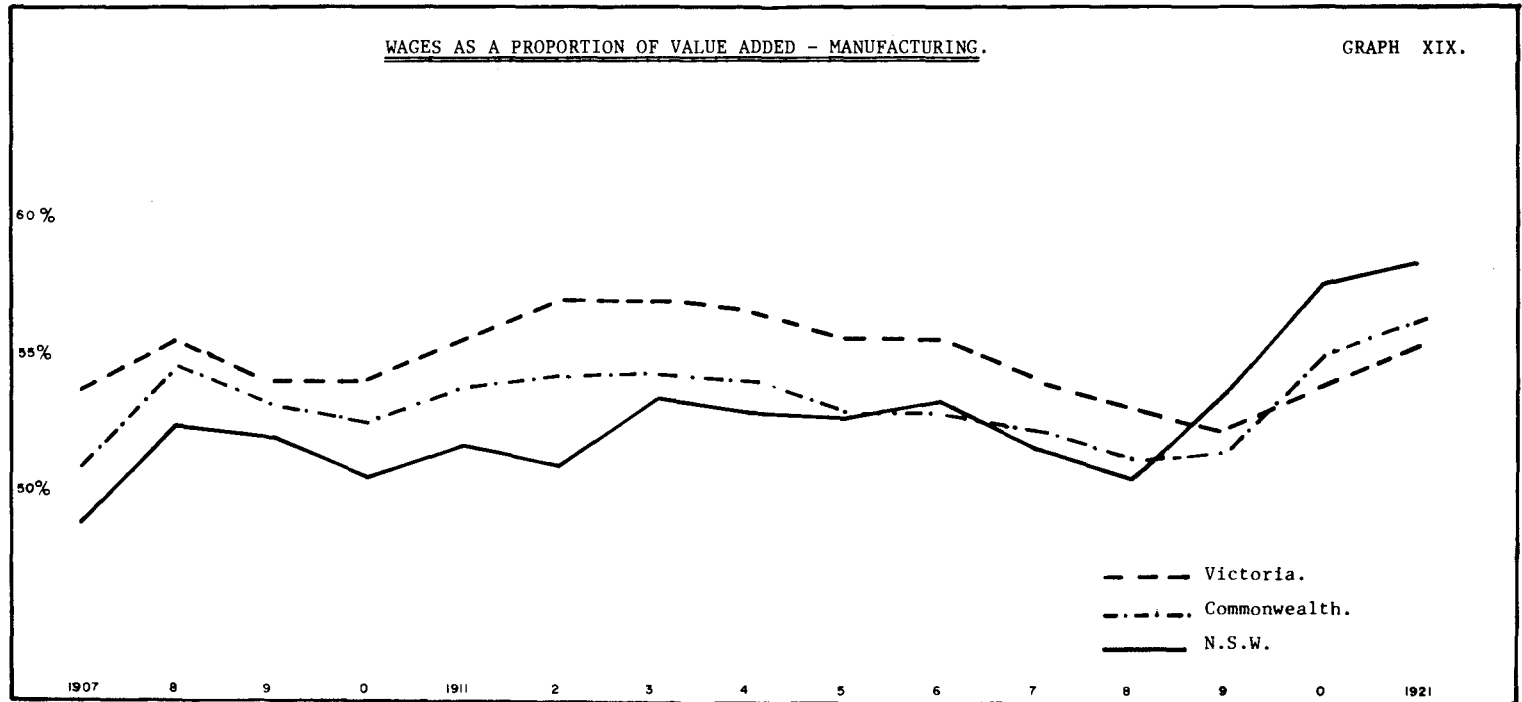
From 1907 it is possible by using data supplied by the State and Commonwealth Statisticians to examine the components of manufacturing costs, i.e. materials, rent, fuel, wages, and the residual, and to calculate the share of value added in the production process going to wages, and by definition, the share taken for the non-wage 'surplus'.

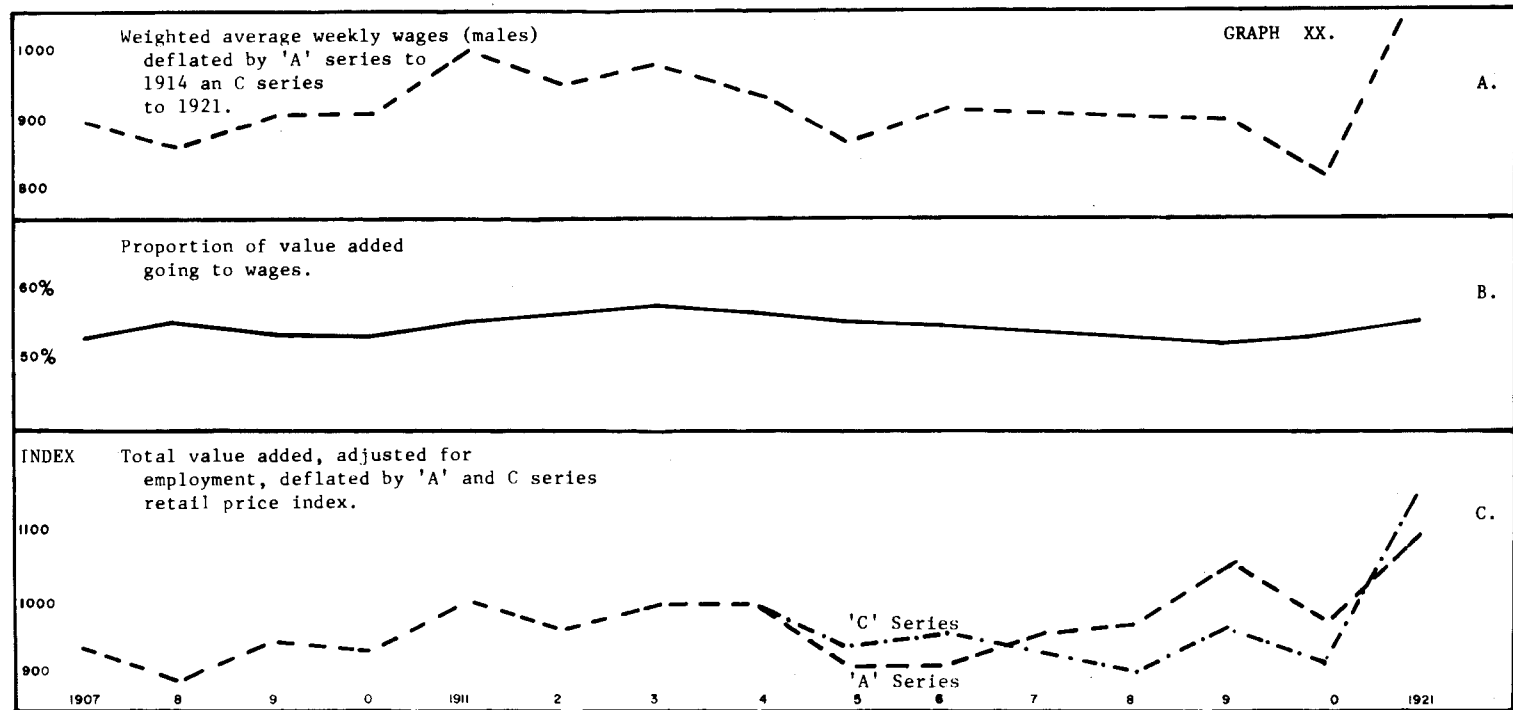
Graph XIX shows wage incomes as a proportion of value added in Victoria, New South Wales and the Commonwealth. Apart from the widening in 1912, the trend movements are comparable for the two major States and the Commonwealth. Over the entire period, wage earners' share does not fluctuate outside a 5 per cent range, although in New South Wales the proportion is consistently lower than in Victoria - this probably accounted for by different composition and structure of manufacturing in the two States rather than difference in wage incomes.

Reverting to Victoria, Graph XX A and B shows the course of average weekly wages compared with the share of value added paid to wage earners. While

WAGES AS A PROPORTION OF VALUE ADDED - MANUFACTURING.

GRAPH XIX.





interpretation of the earlier period, 1909-11, is at least prima facie not too difficult, i.e., rising real wages to some extent coming from a squeeze, albeit a gentle one, on profits - this itself being a reversal of the trend set for 1899-1904 (taking New South Wales as a guide for the years when Victorian data is not available)¹ - caused by a gradual tightening of supply condition in the labour market for skilled workers. Thus, acute shortage of workers other than the unskilled from 1909 to 1913 may have raised wage earners' share of value added to the high point of 57.19 per cent in Victoria (53.3 per cent in New South Wales). The very sharp decline in real wages in 1914 to 1916, the relatively slight recovery to 1917 and fall again to 1919, caused by some combination of price inflation and wage earners' weakened bargaining strength, is, in Victoria, particularly associated with a long unbroken reduction of the share of wages in value added. While wages were falling, unionists' complaints of war time profiteering seem to have had some substance, for if the statistics are at all meaningful, the relative share of value added going to profits, etc., rose and continued to rise, permitting relatively high incomes for non-wage earners.

However, to understand more clearly the experience of the two income groups it is desirable to know the approximate size of the amount available to be shared

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See Graph IV.

between wage earners and others. The absolute amounts concerned are extremely difficult to estimate. Available production and therefore value added figures are in current prices, posing the problem of deflation. The most readily available deflators are the 'A' and 'C' series (from 1914) Retail Price Indices, the Butlin manufacturing deflator,¹ and the Melbourne Wholesale Price Index. The last named index proved unhelpful in that violently fluctuating prices of primary produce, used only in a limited section of Australian manufacturing, e.g., food processing, lifted the weighted all group index to very high points, which when applied to the current price value added data gave freak results. The Butlin series, though somewhat better, still drew down the real product to a level more than could be reasonably expected. Deflation by the 'A' and 'C' Series Retail Price Index yielded a result more in keeping with what might be the most likely movement in real value added. But realising its manifold shortcomings, this too must be judged highly suspect as a measure of real value added by which to compare average wages and the share of value added received by wage earners. But for want of a better deflator the Retail Price Index has been used.

Graph XX A, B, and C, presents the three series shown separately. Unlike the GDP/real wages series (Graph XVIII), the movement of average real wages in

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Butlin, Australian Domestic Product..., pp.458-8.

Victorian manufacturing and real value added are not markedly dissimilar. Again, the indications are that labour shortage from 1910 pushed up wage incomes and lifted the share going to wage earners, a process continued until 1913 when first wages and the following year value added per employee fell. During 1915-16, real wages recovered, as did real value added per employee, though the pace of recovery of value added differs depending on whether the 'A' or the 'C' Retail Price Index is used as a deflator. From 1916 to 1920, real wages declined, gradually until 1919, then extremely sharply in 1920, the year when prices lifted by 18.6 per cent. If the 'A' series Retail Price Index is used to deflate value added per employee, the behaviour of the three variables can be reconciled, in that while wages fell only slightly, the share of value added going to wages fell more substantially and this was made possible by rising total value added to be distributed between the two main sets of income receivers. If, however, the more reliable measure of price changes, the 'C' series is used as a deflator, there appears to be a contradiction to explain. Why, when the total real value added per employee rose at approximately the same rate as real wages, should or could the share going to wages record a constant fall?

While no claim to precision may be made for any of the series, the one most likely to be misleading is that of average weekly wages. The data were gathered in November of each year and relate, probably, just to one or maybe two weeks prior to the Factory Inspector's

collection. Furthermore, according to the Inspector the wages quoted were for a forty-eight hour week, thereby excluding overtime, bonus working or dislocation in employment. An alternative measure of wages and one relating more to total week and total year experience is to take the yearly wage figures referred to earlier¹ and show how this series behaves compared with the average weekly wage series.

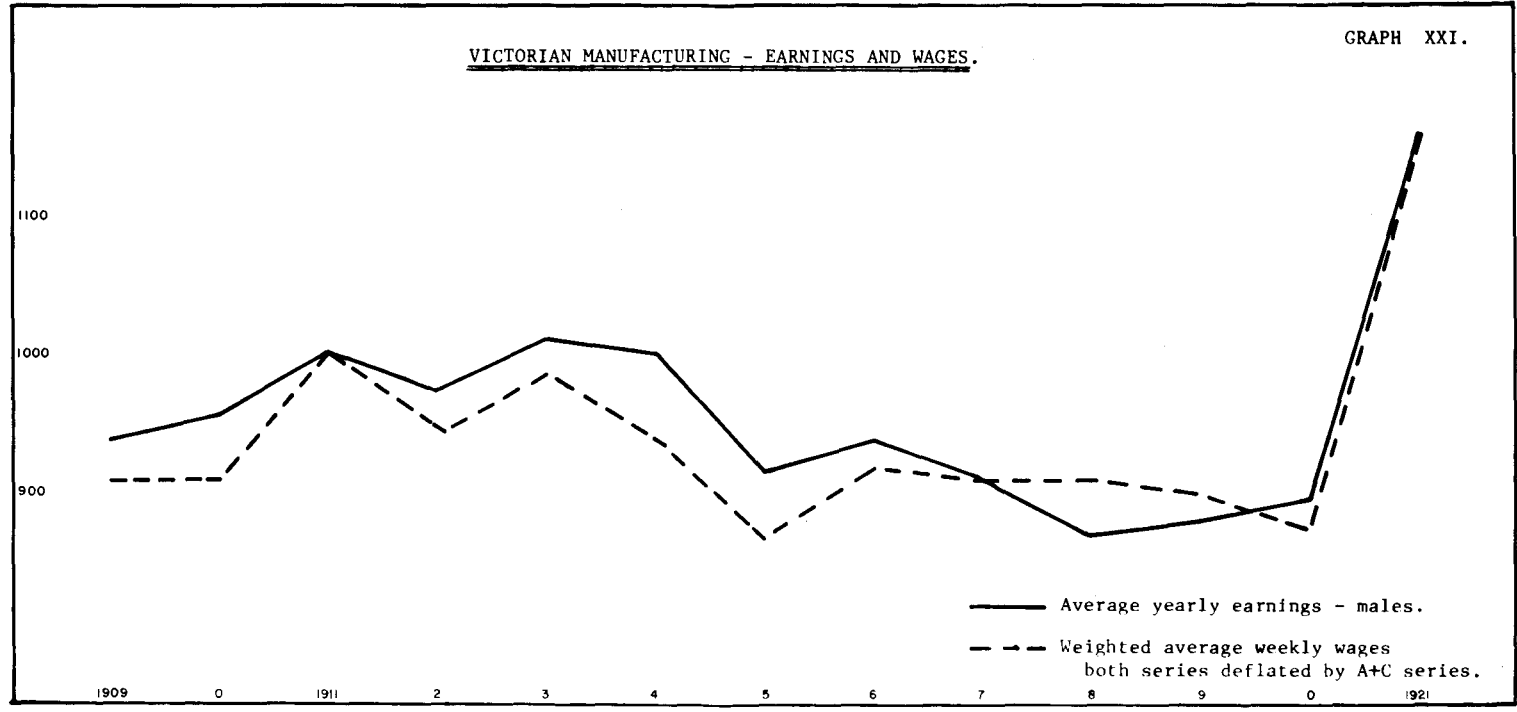
Graph XXI shows the contrast in the two series. While the general trend of wage movement is similar, the average weekly wage series lies above the yearly earnings figure for the period 1917-19, the difference perhaps suggesting that for some reason the former series overstates the level of wages received over the year.

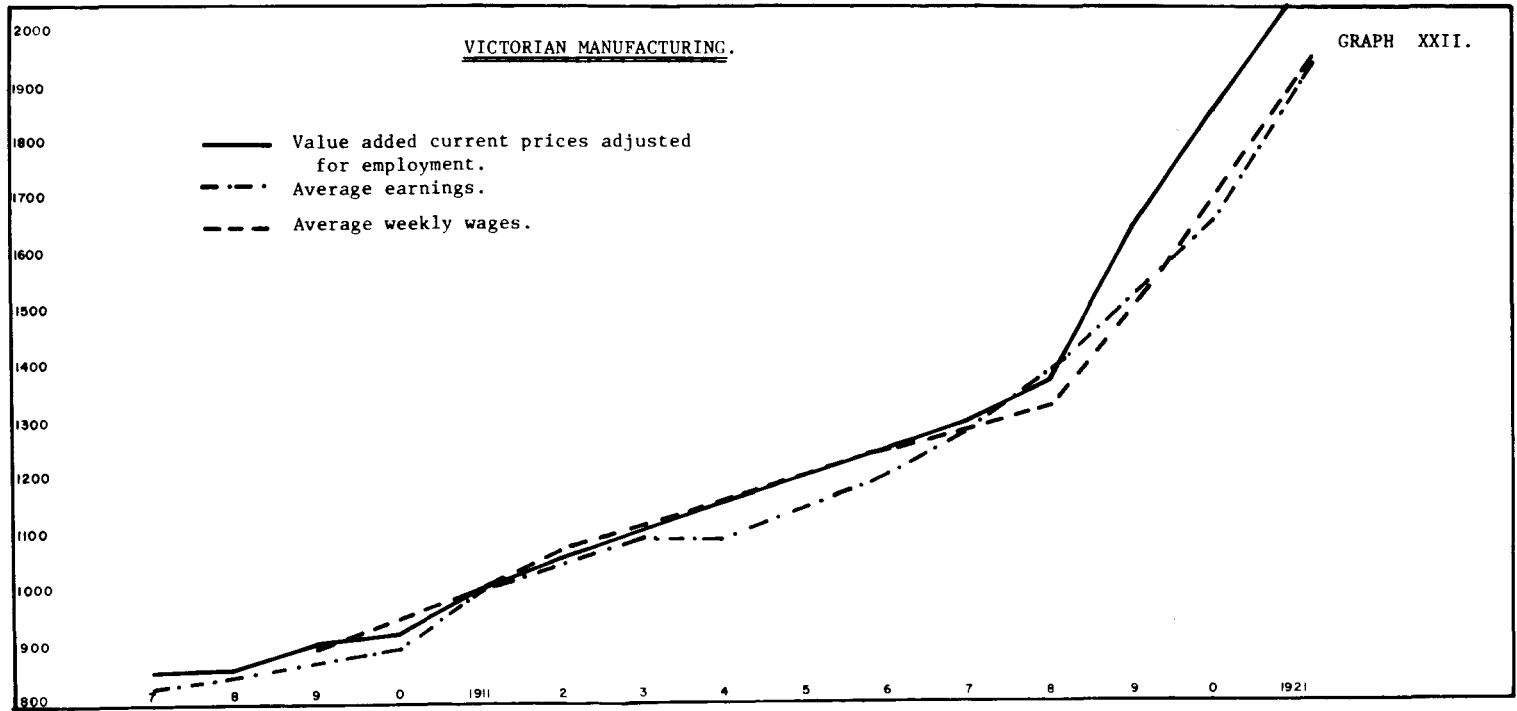
Using earnings data rather than average weekly wages provides, possibly, a part-explanation of changes in the proportion of value added going to wages. To show this relationship more clearly, Graph XXII sets out the three series, average weekly money wages for males, average annual earnings for males, and total value added adjusted for employment - all in current prices. While the movement of average wages and total value added are not too dissimilar yearly wage earnings rose more slowly than total value added until 1919, which would explain the increased proportion going to non-wage incomes.

¹
Supra, p.182.

VICTORIAN MANUFACTURING - EARNINGS AND WAGES.

GRAPH XXI.





There remains still to be explained the reasons for average weekly wages rising faster than earnings for the years 1915 to 1918. Three possible explanations or part-explanations might be considered. Firstly, overtime working could have been less for part of or all the period; secondly, war time conditions, dislocation, and the reorientation of manufacturing in response to new patterns of demand and supply¹ may have caused an increase in broken time working so that although retaining certain weekly wage incomes when in work, total yearly income would be reduced, and such broken time may well not show up in unemployment data; and thirdly, the average weekly wage data may contain a bias which could make for error when comparing changes in wages over the long period. Regarding this last point, data for all manufacturing industries is consistent throughout, inasmuch as figures used were for both wage board and non-wage board. However, if new manufacturing industries were introduced into the material during the years 1913 to 1919 and these paid higher than average wages, the effect would be to accelerate the rate of increase in average wages of all manufacturing, making comparisons with earlier period invalid.

Of these, only the last could be tested statistically. A check was made of the composition of

1

C. Forster, 'Australian Manufacturing and the War, 1914-18' in Economic Record, Vol. 29, 1953, p.211.

industries covered by the wage data used, but only a few small manufacturing industries were added after 1912¹ and the wages in these were not out of line with the general average. Lacking an alternative explanation it would appear that the difference between weekly wages and earnings may have been caused by increased broken time working and/or less overtime and bonuses.

So far as the limited statistical information permits, it can be suggested that labour market conditions, price inflation and the war seriously affected the level of real wages. For most of the period two fairly clearly defined minima for unskilled labour applied; one located somewhere between 30/- to 36/- for the lowest grade of work and the other about 39/- to 42/- for full labourers. These may have not been substantially different to market force wage levels.

However, though economic determinants may have dictated the general level of wages received for different grades of unskilled work, institutional forces came to exert increasing influence on the wages of the lowest paid groups during the two decades, 1901-21. Thirty shillings to 36/- was considerably less than the wage Higgins advocated in the Harvester Judgment, yet it may have represented a substantial improvement for many of the more vulnerable groups.

1

Additions both to wage board and non-wage board data was largely concerned with service industries, especially a wide range of shop assistant occupations.

Most impressively, the wage data point to the gradual implementation of the full Living Wage concept; that is, that every adult male wage earner, however menial his work, should by right receive the labourer's wage. Strong resistances appear to have delayed this process until the last years of the war, but by 1920-1 it was complete.

Economic forces had widened differentials up to 1907-8. Though from 1909-10 nominal rate differentials were narrowed by institutional forces, the economic determinants probably worked to 'compensate' skilled wage earners by over-award payments may have become more important and already craft unions were demanding the retention of such payments when nominal rates were adjusted.¹ Possibly the effect of reduced nominal rate differentials were not fully apparent until rising unemployment in 1921 cut back over-award payments, while at the same time falling prices made the Harvester wage for unskilled worker a practical reality.

Consideration of wage experience in Victoria tends both to confirm and deny unionists' impressions of wage earners' conditions, both absolutely and relatively. Real wages measured either by weekly wages or yearly earnings certainly declined sharply from 1913 and failed to fully regain prosperity levels until after the war. Yet non-wage incomes in general fell

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See Appendix 3; 5c, 7a, 7c, 13b.

more than wages, primary producers and building and public workers contractors being particularly affected. In manufacturing, incomes of both groups declined during the early war years, but as wage earnings, as distinct from weekly wages, declined farther and recovered more slowly than total value added, the share of distributable income going to non-wage earners increased. Unionists may then have been right in believing that those receiving incomes from labour services in manufacturing were worse off than those receiving incomes from capital, although almost certainly for the early war years non-wage earners too suffered an absolute if not a relative fall in incomes. In the latter years this group seems to have enjoyed increased incomes both in relative and absolute terms.

The foregoing estimates of wages and unemployment, and discussion of job opportunities may now be used as the background against which institutional questions can be considered. The next three chapters are concerned with:

1. How did labour respond to changes in economic conditions and to what extent did their policies contribute to the crystallisation of the Harvester Judgment?
2. What was the developing attitude of employers, particularly in the light of the problems of wage costs and foreign import competition?

3. How was the machinery of government used to satisfy the demands of pressure groups?

CHAPTER 3

LABOUR AND TRADE UNION DEVELOPMENT AND POLICIES
PRIOR TO THE HARVESTER JUDGMENT

During the period 1891-1907 the Australian Labour movement did not subscribe to any identifiable political ideology, did not blue-print a grand master-plan, the application of which resulted in the complex arrangements of industrial control and the establishment of the national minimum wage. More in character would be the proposition that labour deployed its scarce resources at the points most likely to yield the greatest short-term rewards. It was logical, for instance, given enhanced political power, to concentrate effort on raising wages and improving conditions in government employment; but equally the campaign was an expedient devised to remedy obvious malpractices of sub-contractors. Labour's policies may be thought of more as a series of short-term expedients evolved as experience taught, rather than a continuum of inter-related policies. Economic and political conditions mostly dictated the pace and direction of change: labour mostly capitalized on opportunities as they occurred.

In the process the Australian labour movement, nevertheless, helped to carve out for itself, and for Australia, the most complete system of state-regulated industrial control outside the present day socialist

countries. It became socially acceptable for governments to set a standard of wages matching the rigours of an abstract concept of social justice. In the name of industrial peace, governments assumed the role, or were given the task, of enforcing wage condition which assumed a parity of power between the two sides of industry, and particularly postulated a Living Wage based at least ostensibly on a criterion of social welfare as distinct from one of industrial capacity.

Ultimately, it is with the latter consideration we are most concerned, for the Living Wage formed the conceptual basis of the Harvester Judgment and subsequently of the national Basic Wage. The tactics employed by the labour movement to raise wages depended on crystallising the relationship between wages and the standard of living; and stressed the iniquity of a wages system that tolerated a level of income for the unskilled which a growing body of opinion owned to be socially undesirable. Though labour's indignation over a bricklayer getting 8/- a day when he 'rightfully' deserved 10/- was of measure equal to that of labourers receiving less than a subsistence wage, public concern was the greater for a 'man, wife and three children' living (as many did at the turn of the century) on 30/- a week. Despite the problems involved in identifying social consensus and 'general public' attitudes, there can be little doubt that the appeal to public sympathy played an important role in union and labour political behaviour.

Labour policy operated to involve governments directly in redressing power relativities in industrial affairs, and in fashioning industrial institutions backed by government authority. Of equal importance was the cumulative product of campaigns conducted to secure these institutions. The mechanisms developed to meet such needs are interesting and merit careful exposition: but more interesting possibly is the impact of publicity in conditioning society to approve state action guaranteeing a minimum wage for every Australian. For labour policies served to focus the spotlight of public concern on a set of 'injustice' which few could avoid recognizing. Labour spelled out the premises and little effort on the part of the general public was needed to draw 'logical conclusions'. For more than a decade and a half, with but one brief respite, Australia experienced conditions of high unemployment. And for more than a decade and a half there occurred an unbroken series of 'monster demonstrations', protest meetings, well-publicized 'deputations' to governments, rallies of the unemployed, 'revelations' at industrial arbitration hearings, exposés by the Anti-Sweating League, social-welfare orientated parliamentary debates - the whole drawing attention to and eliciting sympathy for 'the unskilled labourer'. Understandably the Bulletin concluded 'The public...has had "the living wage" so much dinned into its ear that it has come to

regard a bare "living wage" as the proper wage for a working man to get'.¹

If we couple public acceptance of society's obligation to guarantee the working man a Living Wage with the imperative that government ought to ensure industrial tranquility, we can perhaps begin to understand why Higgins made his Harvester Judgment when he did, where he did and why it was received with so little disapprobation.

Unionism in the Nineties

The rapid development of the pastoral industry, mining, transport and a miscellany of urban occupations in the decades 1860-90 brought together considerable numbers of wage earners having basically common interests, attitudes and aims. Trade unionism in Australia pre-dates the gold era,² but its marked and sustained growth and diversification to include large numbers of semi-silled and unskilled workers occurred in the decades 1860-1890. As in other industrial countries, the growth and stability of the movement was conditioned by growth and fluctuations in the economy.

1

28 November 1907.

2

Leila Thomas, The Development of the Labour Movement in the Sydney District of New South Wales...1788-1848, published in typescript form by the Australian Society for the Study of Labor History, Canberra 1962, Chapter IV.

Judged by the New South Wales' experience, a high proportion of trade unions were organised during the boom of the eighties. The peak of formation occurred at the very eve of the industrial upheavals of the early 1890s and the economic depression that followed. Of the 71 unions listed in the Literary Appendix of the N.S.W. Royal Commission on Strikes (1890/1) 17 were formed before 1881, 12 between 1882 and 1885, and 42 between 1886 and 1891, the bulk of these in 1890 and 1891.¹

Hence in terms of real strength and endurance, the appearance in 1890 of a trade union movement, powerful and self-assured may have been somewhat deceptive. The craft unions and some organisations of the semi-skilled and unskilled such as shearers and miners were well enough established to perhaps survive a major clash with the employers or a severe economic slump. But many of the recently formed unions, especially those of factory and service workers, were not strong enough to cope with the events of the nineties.

From evidence contained in the Royal Commission on Strikes it appears that it was not defeat in the Maritime and associated 'sympathy' strikes that weakened the movement,² but changing economic conditions. For the depression of the nineties was

1

Pp.33-55; also Gollan, op. cit., pp.101-2.

2

Literary Appendix, p.157, 1(6).

more than just a cyclical fluctuation in business activity. The abrupt discontinuance of overseas developmental capital, bank failures, severe curtailment of construction led, by 1893-5, to extremely high unemployment for all grades of wage earners and stripped them of most of their bargaining power in both individual and collective wage negotiations. In fact, for most unions the struggle in the nineties was for sheer survival not to preserve their previously high wage rates and short working hours.

The only statistical evidence available for measuring the number of unions which disappeared or were moribund in the nineties is presented and discussed in Appendix 4. From this we may conclude that in Victoria, practically all unions of unskilled workers disappeared or were almost completely inactive; that many 'industrial' unions were equally seriously affected; and that whilst two thirds of the craft unions survived, these were very much weakened, possibly to the extent of losing in the worst year (1895) from half to two thirds of their memberships.

Recovery of trade unionism from the mid nineties was extremely slow. The Victorian data shows a rise in subventions from the unions to the Victorian Trades Hall Council from only £223 (1895) to £327.6 (1900)¹ although the number of unions affiliated to the Council

¹

Appendix 4, Table 2, Column b.

rose from 34 to 59. No comparable quantitative data are available for the N.S.W. T. & L.C. but a study of the minute books of the two organisations suggest the recovery trend in New South Wales was if anything, slower than that of Victoria.¹ In both states the existence or promise of legally constituted industrial tribunals may have been a spur to organising effort but of far greater importance was the concerted and purposive work of specially formed organising committees of the labour councils.

In both colonies the quickening of economic activity and diminishing unemployment, for the skilled at least, was marked by campaigns to strengthen those unions that were still in being, and reform the many that had gone out of existence. In N.S.W. this movement dates from the mid nineties and long preceded compulsory arbitration.² The impetus to organisation

1

Infra., p.208.

2

T. & L.C. 5 November 1896, appointment of a paid organiser, see also 14 December 1896. This organising campaign in N.S.W. was a repetition of a similar effort made in the mid-eighties when the Vigilance Committee developed into an organising committee. See N.B. Nairn, 'Some Aspects of the Development of the Labour Movement in New South Wales 1870-1900 and the Effects of that Development on the Formation of the Labor Party in New South Wales 1889-1900', M.A. Thesis, University of Sydney, 1955, p.133.

was primarily a socio-industrial reflex action; the response to improving economic conditions.

In Victoria too, the initiative was taken by surviving unions affiliated to the T.H.C. and this also was at first independent of considerations of the specific means developed to improve working conditions.¹ Although organising campaigns and the Factories and Shops Amendment Act incorporating wages boards occurred at much the same time, the two processes seem to have been mostly independent of each other. Reports of the efficacy of wages boards from almost the first gazetted Determination² may have marginally affected policy decisions, but the unions' main aim seems to have been to strengthen trade unionism rather than to tailor it to conform to any one institutional device designed to improve wages.

In particular cases the initiative to organise was taken by individuals approaching the Councils complaining of poor working conditions and asking for help.³ But more often the Council's organising

1

T.H.C. 31 January 1896, 6 November 1896, 18 December 1896, 8 January 1897.

2

T.H.C. 2 April 1897 and 25 April 1902, Bakers' Society; T.H.C. 1 October 1897, Bootmakers' Union.

3

T.H.C. 26 June 1900, wood cutters and wool mill employees; T. & L.C. 19 December 1896, wharf labourers, 'only 25 members left'; 26 April 1900, Request to help reform the Plumbers' Union. 5 September 1901, boxmakers; 3 March 1902, flour mill employees; 25 August 1905, laundry workers; 25 February 1908, Factory Employees' Union.

committees nominated lists of trades and industries to be organised or re-organised. In both colonies the records of almost every meeting of the Councils contain extensive reports from organising committees giving details of the work done, its degree of success and programme of further effort.

Thus, primarily, the spread of trade unionism from the mid and late nineties was the work of labour councils and the main purpose appears to have been as uncomplicated as trying to organise every wage earner in Australia.

Whilst this was the main initial motive, favourable accounts of the wages boards and later in N.S.W., the arbitration court, shifted the emphasis of union organisation more directly to wages policy. For example in 1901 it was resolved 'That...the time has arrived for those engaged in the bedstead and fender trade to form a union for the purpose of securing a wages board under the Shops and Factories Act'¹ and in N.S.W., labourers asked the Council to assist in organising '...to give them a chance of getting 6/- or 7/- a day under an Arbitration Court award'.²

Thus, gradually in the early 1900s the appreciation of the beneficial functioning of industrial tribunals caused a change from the indiscriminate organising of

¹
Tocsin, 7 February 1901.

²
T. & L.C., 20 October 1904.

trade unions, to organising with the declared intention of getting legal minima for employees in particular trades or industries. It also became clear that legal prescription of wages and conditions was of limited practical use unless the unions were influential enough to vote their own representatives on to the wages boards and also to police prescribed rates once in force.¹

It remains to stress that in the late nineties it was not easy to set up trade unions, and Council records suggest difficulties were greater in N.S.W. than Victoria. Whereas for the latter colony only one serious set back is noted,² organising in N.S.W. was conducted in a background of unions reporting further declines in membership, withdrawals from the Council because of their inability to pay subvention fees, and of some still 'collapsing'.³ Not before 1899 did these reports diminish.

¹
15 September 1900.

²
T.H.C. 18 November 1898.

³
T. & L.C. 8 May 1896 Silvertown Locomotive Engine Drivers Union 'had gone down terribly and it was almost all they could do to keep going'. 8 May 1896, Glass bottle makers seceding from the Council, 'membership reduced to 5'. 1 July 1897, Trolley and Draymen's Union 'collapsed'. 30 December 1897, Brewery Employees Assoc. withdrawal from the Council 'owing to the falling off in the numbers...preparatory to disbursement'. 10 March 1898, 'Some of the Sydney Unions are almost defunct, Plumbers down to 12 members' (reformed in 1900, see Minutes 26 April 1900).

(continued p.209)

The Nineteen Hundreds

J.T. Sutcliffe wrote, 'With the beginning of the twentieth century they [the unions] had recovered the position they occupied ten years earlier'¹ and Carter Goodrich added, '...from 1901, union membership rose to unheard of figures....The totals nearly doubled between 1901-1906'.² In terms of unions and total union membership the aggregate figures quoted by Goodrich imply an impressive growth in trade union strength. For much of the 1900s this was not necessarily so. It is true that the limited official statistical data available suggest that those unions surviving the

³ (continued from p.208)

21 March 1898, 'Some of the societies at present were in a state of semi-death'. 11 August 1898, Stewards and Cooks Union 'down to about 60 members', unable to pay Council's dues (reformed 1901, see Minutes 21 March 1901).

1

'A History of Trade Unionism...' p.128.

2

'The Labor Movement in New Countries: Australia, New Zealand, the United States'. Unpublished typescript, Menzies Library, Canberra, Chapter 3, p.9; also V.G. Childe, How Labor Governs, Second Edition, Melbourne 1964, p.188. The number of unionists quoted by Goodrich were taken from Labour Reports. These single date figures for 1901 and 1906, together with similar information of unemployment have seriously misled other writers. Turner for instance assumed a fairly straight line trend across these years (Ian Turner, Industrial Labour and Politics: The Dynamics of the Labour Movement in Eastern Australia: 1900-1921, Canberra 1965, pp.33-4). In fact the rise of unemployment, 1902-05, caused wages to stagnate and union organisations to falter seriously.

depression, and those reconstituted under their former names had probably re-enrolled their earlier members by 1901-2.¹ Mostly these were craft societies and mass unskilled unions. In general, however, memberships rose only slightly again before 1906-7 (Table 27) certainly scarcely more than would be expected from the proportionate increases of numbers employed in the respective industries. Indeed, many craft unions reported falling numbers during the years 1903-5. The same is true for the mass unskilled unions. The A.W.U. (N.S.W.) for example, recorded memberships of 20,891 in 1902, 11,538 in 1903, 15,998 in 1904, 17,852 in 1905, 20,824 in 1906, and 20,095 in 1907. Not until 1908 did this, Australia's largest union, exceed the 1902 figure.

The return of high unemployment in the early 1900s seems to have affected Victorian unionism more severely than in N.S.W. Subvention fees paid to the T.H.C. fell from £774.5 in 1902 to £585.1 in 1904, returning to the 1902 level by 1906. Numbers of unions fell at about the same rate, but recovered more slowly to reach the 1902 level again in 1908.²

1

Compare numerical strength of individual unions shown in the N.S.W. Royal Comm. on Strikes 1891, Literary Appendix, pp.33-53, with figures given in the N.S.W. Statistical Registers, Tables of Receipts, Expenditure, and Assets (from 1895) and membership from 1903.

2

These data have been taken from T.H.C. Minutes and Accounts Books. The whole series is shown in Appendix 4.

TABLE 27
UNIONS AND UNIONISTS - N.S.W., 1911-10

	<u>Buildings</u>		<u>Clothing</u>		<u>Transport</u>		<u>Printing</u>		<u>Engineering</u>		<u>Food</u>	
	<u>No. of Unions</u>	<u>No. of Unionists</u>	<u>No. of Unions</u>	<u>No. of Unionists</u>	<u>No. of Unions</u>	<u>No. of Unionists</u>	<u>No. of Unions</u>	<u>No. of Unionists</u>	<u>No. of Unions</u>	<u>No. of Unionists</u>	<u>No. of Unions</u>	<u>No. of Unionists</u>
1900*	10	1,725	2	405	1	1,700	3	430	4	1,471	1	100
1901*	10	1,943	3	781	3	2,497	4	567	4	1,597	3	635
1902*	17	4,179	10	2,247	9	5,976	5	658	8	1,933	12	3,544
1903	23	7,429	10	3,722	10	9,101	4	829	10	3,133	19	5,691
1904	20	6,842	8	3,852	10	11,028	5	945	10	3,209	22	6,590
1905	20	6,888	8	3,993	9	10,959	5	989	10	3,349	20	6,482
1906	18	6,059	8	3,951	6	9,537	5	1,054	11	3,671	19	6,279
1907	18	6,381	8	4,223	6	9,857	5	1,177	11	4,544	19	7,669
1908	22	7,054	8	4,132	8	12,075	5	1,254	13	6,112	21	8,189
1909	24	7,439	5	3,072	10	17,382	6	1,538	13	7,022	22	9,775
1910	23	8,893	6	3,700	12	20,742	6	1,785	13	6,025	25	9,948

Source: N.S.W. Statistical Registers, 1900-10.

Absolute numbers of unions are extremely misleading: from 1903 particularly a large number of unions disappear, e.g., 61 unions submitted returns to the Registrar for three years or less. Total numbers of unions are roughly maintained by the forming of new unions in different occupations. Mention of amalgamations are extremely rare before 1908, though kindred trades organisations were operating in some industries, e.g. marine unions, metal working and the vehicle trade. From the middle of 1908 reports of amalgamations became more frequent, e.g. Boot trade and Carpenters and Joiners, T. & L.C. Min. 18 June 1908, Gasworkers 13 August 1908, Picture Frame Makers Soc. and the United Furniture Trades Union 21 September 1908 and 1 October 1908.

	<u>Pastoral</u>		<u>Manufacturing</u>		<u>Mines</u>		<u>Seamen</u>		<u>Miscellaneous</u>		<u>TOTAL</u>	
	<u>No. of Unions</u>	<u>No. of Unionists</u>	<u>No. of Unions</u>	<u>No. of Unionists</u>	<u>No. of Unions</u>	<u>No. of Unionists</u>	<u>No. of Unions</u>	<u>No. of Unionists</u>	<u>No. of Unions</u>	<u>No. of Unionists</u>	<u>No. of Unions</u>	<u>No. of Unionists</u>
1900*	1	7,800	7	395	6	7,459	6	2,100	1	20	42	23,605
1901*	1	12,580	7	868	8	8,344	6	5,332	0	-	49	35,144
1902*	4	22,170	11	1,857	12	10,248	9	6,568	4	717	101	60,097
1903	4	15,248	15	2,063	19	14,323	14	7,737	14	2,637	142	71,913
1904	4	21,010	16	2,332	20	13,811	12	8,647	13	3,032	140	81,298
1905	4	23,037	14	2,279	17	13,815	11	9,894	12	2,509	130	84,194
1906	4	26,916	14	2,174	19	16,422	12	10,471	8	2,061	124	88,595
1907	3	20,965**	13	2,578	19	19,564	14	11,357	8	2,307	124	90,622
1908	3	23,341	14	4,170	23	23,798	15	13,451	10	3,297	142	106,873
1909	4	29,815	15	8,800	20	21,066	14	14,056	13	4,957	146	124,922
1910	4	26,539	20	7,461	23	21,026	13	14,073	21	7,019	166	127,211

* Number of unionists estimated from receipts data, or in 1902, from numbers given in the 'Industrial Unions registered under the Industrial Arbitration Act' tables.

** Disbandment of the Machine Shearers, Shed Employees Union, the Pastoralists' Company Union set up to weaken the A.W.U.

The limited increase that did occur during the first decade of the century was produced by the proliferation of trade unionism to wide areas of industry in all major sectors of the economy. Building on their efforts and part success in the late nineties, labour councils intensified their organisation campaigns during this period. In N.S.W. between 1900 and 1905, seventy nine unions are mentioned in Council minutes as being formed or assisted to do so by the organising committee. In 1909, the committee reported the forming of 106 trades and a further 44 named to be organised.¹ In Victoria during 1900 and 1901 alone, sixty seven new or reformed unions are recorded in the minutes of the Melbourne T.H.C. (After 1901 the T.H.C. organising committee's reports were made only in general terms and infrequently specified the industries or trades organised).

The outcome of these campaigns was the spreading of the notion and form of trade unionism to a very wide variety of occupations; and this largely explains the apparent growth in union strength. It is misleading to conclude therefrom, however, that there is necessarily a correlation between the rate of growth of unions or unionists and the rate of growth of bargaining strength. If the establishment of an impressive number of very

¹

Worker, 9 September 1909.

small, very poor, very weak and very unstable¹ unions can be held as to strengthen the general trade union movement, this unquestionably did occur in the period. Again, if unionism was advanced by providing the institutional agencies whereby unorganised workers could have their conditions of work regulated by industrial tribunals, though not all or only a few employees belong to a union, this too occurred, even though only a very small proportion of such 'representative' agencies in fact obtained hearings - especially in N.S.W.

On the other side, organisation work was costly,² time-consuming, and as the disappearance of many new unions would suggest, frustrating. Moreover, given the poverty of the new unions, it was mostly the craftsmen who were constantly expected to pay legal fees for registration, for hearing appeals and for enforcement of determinations and awards, when craftsmen themselves were trying to regather and maintain their own industrial strength.

1

Report of the N.S.W. Friendly Societies '...out of the 144 Unions formed during the last seven years, 56 had disappeared', Worker, 7 January 1909. For a particular case: the Licenced Vanmen's Union, formed in 1903 with 200 members (T. & L.C. 6 October 1904), down to 40 members by October 1904, (*ibid.*) recorded 35 members in 1905 (N.S.W. Stat. Reg.) and disappeared in 1906. See also footnote to Table 27.

2

E.g. the T.H.C. asked unions to raise 'not less than £600' to finance Tom Mann's organising activities. T.H.C. 13 June 1902; also 22 May 1903, 15 January 1904, and 29 January 1904.

Union Finances

Whilst it is usual to measure relative strength by membership, a further useful measure might be union finances. Again the absence of official data for Victoria requires us to use N.S.W. as a guide. Table 29 shows first assets per head for all trade unionists and secondly, for the different occupational groups as set out by the Statistician. Rather than gaining in strength these data indicate the unions, in general, started the decade poor and finished it poorer. Only building, clothing and pastoral groups improved, and these very slightly. It might be useful to take disaggregation a step further since the per capita figures conceal a wide spread between the relatively rich and the obviously poor. Hence if we remove the former, e.g., coopers, sailmakers, and shipwrights from 'manufacturing (8)' the result is as follows:

TABLE 28

ASSETS PER MEMBER
MANUFACTURING OTHER THAN CRAFT UNIONS

<u>Year</u>	<u>Total Group</u>	<u>Group Minus Craft Unions</u>	<u>Retail Price Index</u>	<u>Assets Deflated</u>
	£	£		£
1902	3.50	.27	1092	.25
1904	1.56	.28	970	.29
1906	2.69	.50	1051	.48
1908	1.60	.45	1097	.41
1910	1.05	.54	1111	.49

This shows a better financial position for craft unions, even if only marginally. Of greater

TABLE 29
ASSETS PER HEAD, N.S.W. TRADE UNIONS, 1902-1912

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>Building, timber and general workers</u>	<u>Clothing (incl. boots and hats)</u>	<u>Transport (incl. railway and tramways)</u>	<u>Printing</u>	<u>Engineering and metals</u>	<u>Food, drink and tobacco</u>	<u>Pastoral</u>
1902	1.23	.50	.52	3.80	6.32	1.11	.15
1904	1.15	.51	.64	2.69	1.93	.92	.19
1906	1.29	.77	.39	3.99	2.26	.65	.30
1908	1.24	1.05	.37	4.43	1.19	.68	.49
1910	1.25	.60	.28	3.43	1.30	.60	.56

	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	<u>Manufacturing, exc.</u>	<u>Mining and quarrying</u>	<u>Seamen and wharf workers</u>	<u>Miscellaneous (mostly services)</u>	<u>All Unions</u>	<u>Retail price index (Sydney) 1901 = 1000</u>	<u>Total assets deflated</u>
1902	3.5	1.07	5.00	1.05	.932	1092	.853
1904	1.56	.78	1.85	.39	.825	970	.850
1906	2.69	1.10	1.42	.85	.888	1051	.845
1908	1.60	.73	.44	.71	.749	1097	.683
1910	1.05	.96	.22	.36	.693	1111	.624

Sources: N.S.W. Statistical Registers, 1900-10;
Roland Wilson, Capital Imports and The Terms of Trade (1931), p.97.

Note: The Retail Price Index for Sydney 1902-10 is given to show change in real money assets.

significance, however, is the obvious weakness of non-craft unions.

It might be argued, however, that the apparent poverty of unions, paradoxically, is indicative of their strength: that assets were dissipated by (successful?) industrial action. Yet the conspicuous absence of strikes until 1906-7 suggests this was not so (Table 30).

TABLE 30

NUMBER OF STRIKES REPORTED IN NEWSPAPERS,
i. e. AGE, S.M.H., WORKER, QUEENSLAND WORKER,
TOCSIN, AND IN THE N.S.W. T. & L.C. AND T.H.C. MINUTES

1898-1907

1898	2
1899	5
1900	15
1901	32
1902	9
1903	9
1904	2
1905	5
1906	20

Job insecurity and wage levels apart, unions' weak financial position was, ironically, at least in part due to the functioning of institutional means designed to increase wage earners' bargaining power. Certainly in New South Wales operating within the system of industrial tribunals proved extremely costly. Unions paid high legal fees to conduct cases before the Arbitration Court, to defend vital sections of the Act against employer's suits in appellate courts, and to

enforce awards in arbitration and magistrate courts. From 1900 the T. & L.C.'s minute books refer to numerous appeals from unions for funds to obtain or defend awards.¹ In the Arbitration Court, Judge Heydon averred: 'I know very well that litigation in the Courts is very much feared by the men. It is expensive and causes delay'² - this his comment when the Shop Assistants' Union abandoned the minimum wage, as fixed by the award, solely because there were not in a position to face further legal costs. At present, details of actual monies spent are unobtainable, but from examples quoted in the press and the 1913 Commission³ it may be reasoned that one effect of the industrial tribunals was to keep the unions poor.

1

10 May 1900, 16 November 1901, 2 January 1902, 20 February 1902, 17 April 1902, 21 May 1903, 8 December 1904, 23 March 1905, 28 September 1905, 1 February 1906, 17 January 1907, 14 and 28 February 1907.

2

S.M.H., 12 October 1907.

3

Worker, 27 May 1909, Fellmongers 'nearly £400 to put their case before the Court; 12 August 1909, Agricultural Implements Employees Union case, 'cost nearly £1200'; 3 March 1910, Wool Classers Association 'Fellmongers Union Appeal to Industrial Arbitration Court - £1,005; 14 April 1910, Amalgamated Society of Engineers wages board Determination 'was costing the Union about £6 a week to maintain; 9 January 1912, Tramways Employees Federal case £1,000 in obtaining 'justice'. Royal Commission on Industrial Arbitration in the State of N.S.W. Parliamentary Papers 1913, Vol. 1: Trolley-men and Draymen £200; Engineers £1,500; Boilermakers £900; Bootmakers £4,000; Storemen and

(continued p.218)

It is doubtful then that Australian trade unionism in general was strengthened to the extent that the 1901 and 1906 Labour Report single date membership figures imply. Possibly the continuing weakness of all trade unions in the 1900s is most aptly illustrated by the statement of the former President of the N.S.W.

T. & L.C.

...95% of the unions [are] not in a position to strike. The Coal Lumpers Union which had fought one of the loyalist and best strikes in Australia had not secured that which they entered the strike for.¹

More pertinent to this study, however, is to notice the degree of organisation achieved by the grade of labour to which Higgins and the Harvester Judgment referred - the adult male unskilled wage earner - and to assess the likelihood of their making any effective impact on collective wage bargaining.

Recovery of pre-depression membership strengthened the mass unskilled unions. It enabled the Sydney waterside workers for instance, who had been '...wiped

³ (continued from p.217)

Packers £1,000; Typographical Association £1,500.

Q.W., 16 April 1904, Tobacco Operatives Union Half Yearly Report, 'total income less than expenditure.... This was due to arrears in subscription and to heavy expenses in the Arbitration Court caused by the legal fraternity'. ASE A.C. M.R. November 1909: Sydney District legal expenses 1907/8 = £600, 1908/9 = £586.

1

T. & L.C. 21 May 1907. For this strike see S.M.H. 1 July 1907, 12 July 1907, 20 July 1907.

out in the 90s...¹ to present in 1900 a unified front to the employers and obtain some improvement in wages and hours.² Yet it is wrong to take the experience of these unionists as typifying the unskilled. Waterside workers, iron workers' assistants, pastoral workers and miners (many of whom were semi-skilled rather than unskilled), by their size, organisation and political activities were certainly the most conspicuous groups of non-craftsmen. But probably the larger number of unskilled were dispersed over the whole range of industry and did not nor could not belong to the mass unskilled unions. Unless taken into an industrial union, e.g., labourers in gas works or those working with engine drivers and firemen, their chances of collective representation to employers was small indeed.

Organising these scattered groups of the unskilled wage earners in the formative years of trade unionism has always been difficult. Before 1890, if organised at all they were in small localised unions, catering for several different occupations.³ The most persistent organisational difficulties in 19th century Australia were the seasonality of work, making for high

1

Q.W., 15 December 1900. See also A.W.U. Conference Report January 1901.

2

Worker, 6 October 1900, Sydney Wharf Labourers' Union '...has obtained from the Shipowners' Association a fixed concession of eight hours and a rise equal to 1s a day'.

3

J. Philipp, op. cit., p.41.

labour mobility - especially among the unskilled¹ who switched from job to job in the course of a year to get a living² - and the reluctance of skilled unions to broaden their membership base to include non-tradesmen.³ Even 'On the Eve of the Maritime Strikes' most unskilled and semi-skilled unions were small and insecure.⁴ The growth of unionism among factory employees and distributive workers⁵ was cut short by the depression, and its revival in the late 1890s and the next decade circumscribed by the factors mentioned earlier.

In effect, the application of trade unionism for unskilled other than those whose work and locational conditions made feasible the forming of mass and mostly uni-occupational unions, was impractical until a general workers' union of Britain's Transport and General Workers Union structure and coverage evolved or until industrial unions were expanded as occurred in the United States under the Congress of Industrial Organisations. For many of the Australian unskilled, neither of these alternatives existed. Notwithstanding its earlier aspiration to become 'a General Labourers'

1
Ibid., pp.173-4.

2
Ibid.

3
Ibid., pp.38, 189.

4
Ibid., p.189.

5
Ibid., p.75.

Union, embracing all the unskilled labour throughout the colonies',¹ until 1914 the A.W.U. was almost exclusively concerned with pastoral workers.²

Similarly the United Labourers Protective Society appears to have recruited mainly navvies and building labourers '...and [threw] open its ranks to all unskilled workers [only] provided they can earn 7s. a day.³

All-grade industrial unions in manufacturing appeared from 1902, but there is little information of the extent to which, if any, the unskilled featured in their numbers. Furthermore, many 'industrial' unions eked out a precarious existence, and commanded only microscopic memberships. Much the same applied to practically all service industries.

Wages

Data on levels and changes of wages during the 1900s were described earlier in Chapter 2. The purpose

1

Royal Commission on Strikes Appendix, p.16. See also J. Philipps. op. cit., pp.110 and 145.

2

Golden Jubilee of the A.W.U. Agenda Paper, pp.3-4; I. Turner, op. cit., p.10; Nairn, op. cit., p.121.

3

N.S.W. Industrial Arbitration Reports Vol. 2, 1903, p.48. See also Report of A.W.U. Conference 1903, p.38 for terms of an agreement allocating 'Metropolitan Areas', and 'extra Metropolitan Areas' to the U.L.P.S. and the A.W.U. respectively.

of this section is to examine labour attitudes and union policies on wages, with special reference to unskilled wage rates.

During the 1900s, conditions in the labour market, varying degrees of union development, and the ability to obtain arbitration court awards or wages board determination combined to determine real wage levels. Price inflation became important, but chiefly from 1908-9.

For the tradesmen and some mass semi-skilled and unskilled wage earners, the temporary prosperity of 1900-1 was just long and strong enough, not only to permit the re-gathering of memberships, but also the recovery of near pre-depression wage rate.¹ Despite deepening unemployment in the subsequent four years, tradesmen in work mostly seem to have held union or near union rates of pay by sustained union discipline and/or the support of industrial tribunals.

The mass semi-skilled and unskilled workers' unions had mixed fortunes. Although the maritime unions held and slightly increased their memberships, only the

1

E.g., Metal workers, bakers, bricklayers, butchers, plumbers, quarrymen, carpenters, cutters and trimmers, ships joiners, bootmakers, tailoresses, wharf workers, cold storage workers, seamen, coal miners (various districts), tramway employees, etc. Taken from Labour newspapers and Arbitration Court transcripts. See also Turner, *op. cit.*, p.15.

seamen retained their rates in 1903,¹ probably due to a collusive agreement with the shipowners.² For coal lumpers and wharf workers, increased membership did not permit retention of the 1900-1 rates, while the miners fought several unsuccessful strikes to prevent wage reductions.³ Given renewed drought, the continuing abundance of unskilled labour, and the intervention of the employer organised Machine Shearers' Union, the A.W.U. could not achieve any substantial improvement in conditions of pastoral workers until 1904 and more definitely when the Commonwealth Court made its first major award in 1907.

1

1887 = £7. 0. 0 a month
 1893 = £5. 0. 0 " "
 1897 = £6. 0. 0 " "
 1900 = £6.10. 0 " "
 1901 = £7. 0. 0 " "
 1903 = £6.10. 0 " "
 1904 = £7. 0. 0 " "

Taken from evidence given in Commonwealth Court
 Federated Seamen's Union of Australia and Commonwealth
 Steamship Owners Federation (1911) Transcript, p.12.

2

In early 1902 employers proposed wage cuts, but suspended them at the same time as the seamen's union began pressing the Sydney Labour Council and Labour M.L.A.'s for a Commonwealth Navigation Act to protect Australian shipping companies. See Q.W.: 2 February 1902, 7 June 1902, 7 November 1903, 29 April 1904. S.L.C. Minutes: 24 April 1902, 21 August 1902; and Broadhead, op. cit., p.55.

3

For reduction of miners' earnings see Table 19.

Most vulnerable of all, of course, were those referred to earlier as not or only incompletely organised. Whereas the mass unskilled unionists had some measure of collective representation and might be expected to benefit as the economy recovered, e.g. 1900-1 and after 1906, wages of the unorganised were controlled mostly by conditions in the labour market. Hence, unless by some means the employers could be brought to industrial tribunals (and even here 'capacity to pay' was frequently the criterion of decision), workers in this occupational sub-group were compelled to work for relatively low wages. For most of the first decade of Federation this was no more than 5/- to 6/- a day.

It would be a colossal task of selection and presentation to enumerate the large number of references collected referring to low wages paid to unskilled in various trades and industries. The following are examples taken from the minute books of the T. & L.C. which might stand as representative of conditions in numerous industries not regulated by arbitration court awards:

FIGURE 5

Cycle and Motor industry, 5/- a day, 52 hour week	9 December 1905
Shop Assistants, 30-35/- a week	13 March 1906
Nightwatchmen at Farmers & Sons, 30/- a week, 7 nights	6 December 1906
Bone Mills, 25/- to 40/-	18 June 1908
'Factory Employees', 22/6 to 30/-	26 February 1909 ¹
Jam trade, 22/6 to 30/-	11 March 1909
Grocers' sundries, 20/- to 30/- a week	11 March 1909 ²

It could be held that union representatives at Council meetings, labour newspaper reporters and compilers of anti-sweating reports exaggerated the low level of wages or generalised on the particular where such was unjustified. But employers' replies under cross examination in arbitration courts and industrial appeals cases tend to confirm the prevalence of many unskilled being paid wages of this low order. Further, employers usually defended these relatively low wages by claiming their inability to pay more because of competition either from overseas or from other States. Exceptionally, an employer would justify low wages by stating, '...low as 30/- might seem, people are paid such sums and...are in fact living, therefore 30/- must

1

The same report stated that these wages were raised by 25 to 75 per cent under the wage board determination.

2

For other examples see R. Mendelsohn... op. cit., p.27.

represent a living wage'¹ or that only the '...lazy, slothful and incompetent remain on this low wage'.²

Probably the greatest aid to these groups of unskilled was the activities of labour councils. It was, as has been suggested, the craft-dominated Melbourne Trade Hall Council and the N.S.W. Trades and Labour Council that, with great energy and sense of purpose attempted to spread union organisation to embrace non-tradesmen, and supplied the finances necessary for unions to operate the developing system of industrial tribunals.

Motives are hard to detect and harder to evaluate. In earlier decades there seems to have been little sympathy between the skilled and unskilled, and organisation of the mass unskilled developed chiefly outside the labour councils.³ Yet increasingly the disorganisation and vulnerability of unskilled and semi-skilled wage earners may have been seen as a threat to craftsmen's job security,

The strength of Unionism in Australia is the strength of the weakest Union, and in Australia, feeble Unionism in any corner of the continent means multitudes of blacklegs

1

N.S.W. Arb. Court, Shop Assistants' Union of N.S.W. and Mark Foys and Master Retailers' Association (1907) Transcript, p.1510, also p.1513.

2

Ibid., p.1510.

3

J. Philipp, op. cit., p.184.

available for every other corner of the continent wherever trouble arising.¹

This might be particularly important in times of technological innovation and when work processes were being divided to permit a greater measure of specialisation.² This in turn may have facilitated the substitution of unskilled for skilled labour, or perhaps the narrowing of craftsmen's range of work operations, economising on the number of craftsmen needed in the production process. To organise the unskilled might have been thought desirable as a means of establishing and defending job demarcations. Moreover, self interest in the form of raising or preventing the fall of wages for the unskilled was reasonable, given increasing mechanisation and the more rigid pattern of wage structure being developed by industrial tribunals. Dealing with the British trade union practice, Rowe concludes

...the skilled man was nearly always ready to join forces with the unskilled because if the differential was increased owing to the reduction in the unskilled rate, the skilled man feared he would have to meet the argument that seemed to him perfectly valid, namely, that if he had in the past been worth only so much more than the unskilled he was still only

1

Tocsin, 5 May 1898. See also Sutcliffe, History of Trade Unionism..., p.92, and J.E. O'Connor, '1890 - A Turning Point in Labour History; a reply to Mrs Philipp; Historical Studies of Australia and New Zealand, vol. IV 1949-51, p.357.

2

For examples of technological change in various industries during this period, and unionists' responses thereto, see *infra.*, pp.463-5 and Appendix 5.

worth that much more and that therefore his wages also should be reduced. If the increased differential was due to a rise in his own rate, the skilled man, reversing the same argument was usually prepared to see justice done to his less fortunate labourer.¹

Of course, rational employers could be expected to respond, at the margin, to shifts in differential rates.

In Australia, industrial tribunals, especially the N.S.W. and Commonwealth courts of arbitration tended to make the unskilled minimum the foundational amount for an hierarchical structure of 'margins' for skill; thus an increase in the Living Wage acted to raise the level of all wages.

Nonetheless, an impressionistic view, gained from noting attitudes and responses of craftsmen meeting in labour councils, is one of a general and genuine concern for the lowest paid worker, and a readiness, seemingly altruistic, to attempt to ameliorate poor conditions of work inherited from the nineties. In general during the depression and on into the 1900s trade unionists acting collectively exhibited strongly a feeling of class solidarity not necessarily rooted in an identifiable system of political economy, but more from a feeling of mateship or sameness;² of wage earners

1

J.W.F. Rowe, Wages in Theory and Practice, London (1928), pp.154 and 160.

2

L. Overacker, The Australian Party System, Oxford 1952, p.44; Fitzpatrick, The Australian People..., p.37.

as such being qualitatively dissimilar from other socio-economic classes. This class consciousness did not prevent their existing a fair measure of co-operation between labour and capital, especially in Victoria, but this may have been chiefly an expedient for getting concessions where a bargain could be struck, e.g., tariff protection for industrial and welfare legislation.

But this general proposition needs to be qualified.

Labour Council altruism was also a phenomenon of unionists functioning in an environment divorced temporarily from the constrictions of particularistic, inward-looking organisations. The printers for instance enthusiastically worked to organise the unskilled in occupations having no possible connection with their own industrial interests. Yet in the printing industry itself, the unskilled workers were largely ignored, even though the industry was one of the first to obtain a wages board.¹ In fact, while the money wages of unskilled in other industries gradually rose from depression levels, the 'not elsewhere included' male adult workers in Victorian printing remained on 36/- a week until 1912. Other wage earners were similarly disregarded. Revising the Determination in 1906, skilled men's rates were raised from 52/- to 56/-. The inspector attributed this to there being no women's

1

Infra, pp.287-8.

representative on the Board.¹ Only when self-interest made organisation of and improved wages for the unskilled important to craftsmen did the printing unions concern themselves with the lower grades of workers in their industry.

Craftsmen in engineering displayed similar attitudes. In the Boilermakers' Assistants Appeals Case the union spokesman related that as they were not represented on the Board 'the employers had to do the battling for the unskilled'.² A later report elaborated

Whereas skilled men are organised, scarce, and represented on Wages Boards, unskilled are poorly organised, plentiful (replaced readily) and were not represented on Wages Boards... they had to trust to the employers or the boilermakers' representatives, and the skilled men looked after themselves.³

To summarise, persisting unfavourable economic and industrial conditions kept all trade unions relatively weak for most of the 1900s and made the task of improving wage-earners' working conditions extremely difficult. And the unskilled were the most seriously affected, for overshadowing and largely conditioning all the organisational and wages problems of non-tradesmen was the prevalence of a labour surplus. So

¹ Annual Report of the Chief Inspector of Factories, Workrooms and Shops, for 1906, pp.36-7.

² Argus, 14 August 1912.

³ Argus, 23 August 1912.

long as employers could readily respond to militancy in any industry served by the semi-skilled or unskilled, e.g. coal mining, the wharves, pastoral, public transport and manufacturing, by recruiting from the unemployed (skilled or unskilled)¹ or 'free labour', representations for improved working conditions went unheeded.² In 1894 the Bulletin counselled the shearers against striking '...when the country is full of unemployed labour, when every bush holds a beggar for a billet and for every man who throws down his shears there are a score ready to pick them up'.³ Four years later, the Tocsin wrote editorially

...this vast army, who exist on the very verge of pauperism, ready to crowd into any vacancy which may be created artificially by a strike or any like movement [was] a factor which the unions of unskilled had always to heed when contemplating industrial action.⁴

And this factor was still vitally important fourteen years later when during the Brisbane tram strike '...the company...recruited sufficient "free" labour to

1

Q.W., 27 October 1900. Wharf workers complained of men 'of all kinds' taking their work while the unskilled 'cannot retaliate' by going plumbing or carpentering. See also T. & L.C. 21 May 1903.

2

Sutcliffe. History of Trade Unionism..., pp.125 and 127.

3

Quoted by the Pastoralists Revue, Vol. IV, p.205.

4

5 May 1898.

operate a full service without the unionists....'¹
 Thus, throughout the 1900s the inability to organise in trade unions and the failure of wages of the workers in so many unskilled occupations to rise with those of craftsmen and incomes of other groups as the economy improved created a situation of poverty among plenty and was a constant rebuke to Australian society.²

Labour's Political Policy

Before the nineties unions conducted their affairs in much the same way as their counterparts in the United Kingdom and other developing industrial countries. Most domestic business, such as wages, hours, overtime, etc., were dealt with directly with employers, occasional recourse being made to voluntary conciliation and arbitration.³ Similarly, unions acting in concert operated as political pressure groups in promoting legislation on questions affecting the

1

Turner, op. cit., p.43. See also the failure of the coal lumpers' strike because of the use of 'free' labour. S.M.H., 1 July 1907, 12 July 1907, 20 July 1907.

2

See A.T.J., 1 June 1907.

3

See Minutes of Evidence of the Royal Commission on Strikes 1891 for various systems of regularised conciliation and arbitration together with numerous occasions employers and unions engaged the services of mutually esteemed notables for ad hoc dispute settlement.

movement as a whole, e.g., exclusion of Trade Union Acts, non-European, and the Factory Acts.

Though there can be identified a long-trend movement of unions placing greater stress on political action to secure improvements in living conditions for wage earners,¹ in general it is reasonable to accept that the wave of large-scale strikes of the early nineties, partisanship of colonial governments, and greatly weakened circumstances of all unions caused by the depression, wrought a material change in policy, or at least, immensely accelerated a developing trend.² For much of the nineties and 1900s there occurred a radical shift in union tactics as unfavourable economic conditions threw up new problems, and favourable political circumstances provided a new means of their solution. The shift was to political action. Fortuitously, party alignments and personality rivalries enabled the newly formed Labour parties to exercise influence disproportionate to their numbers by capitalizing on their strategic position in holding the

1

J. Philipp, '1890 - The Turning Point in Labour History?' Historical Studies of Australia and New Zealand, Vol. 4, 1947-51, pp.151-2; Nairn, op. cit., pp.119, 148, 153-8; L. Overacker, op. cit., p.44. Fry, op. cit., p.263; Patrick Ford, Cardinal Moran and the A.L.P., Melbourne 1966, Chapter 10.

2

Q.W., 15 December 1900; Gollan, op. cit., pp.137, 141, 145; Philipp, '1890 - The Turning Point...', p.152.

balance of power in colonial, State, and Commonwealth parliaments.¹

The broad strategy of labour's policy was to act on governments as an alternative source of strength. State authority was increasingly conceived as a reservoir of power which could, by astute manipulation, be harnessed to provide a countervailing force to employers' industrial hegemony. In effect, labour worked to extend state intervention in economic and social affairs to support wage earners' direct and immediate interests.

Tactically, the unions continued to make use of time honoured practices of deputations to premiers and ministers, public demonstrations, and the rallying of public opinion to support both general policies and specific remedial measures.² However, whereas formerly particular legislative or administrative measures favouring labour were contrived by electoral bribery³

1

T.H. Kewly, Social Services in Australia, 1900-1910, Sydney 1965, p.22; Cairns, op. cit., pp.230, 233; for a contemporary view see a potted history of Australian Labour Parties in Q.W., 15 December 1900.

2

The Victorian miners, for example, persevered with these customary methods longer than the generality of the trade union movement - see Victorian A.M.A. Annual Conference Reports, 1897-1908.

3

Hayter, Coghlan and others, History of Capital and Labour in all Lands and Ages, Sydney 1888, p.148. This method was not entirely abandoned, e.g.. on being refused permission to use the Town Hall for a protest meeting, Sydney Labour Council passed a resolution of
(continued p.235)

and by the representations of parliamentarians sympathetic to wage earners, during our period Labour parties exploited their balance of power to bring pressure on governments.

This is not the occasion to trace or assess relationships between the industrial and political wings of the labour movement, rather to state briefly the connection between the two. A reading of labour council records shows that throughout these years union policy rested on the pressure that labour parties could bring on governments. All major aspects of policy were referred to Labour members to be translated into administrative or legislative action. Mostly, relations between industrial and political labour, with just a few exceptions,¹ were close and harmonious although, as in N.S.W., this relationship was subjected to considerable strain when the Labour Party was elected to power.²

3 (continued from p.234)

condemnation, copies of which were sent to every union and every P.L.L., '...so that each voter may know and remember the marked antipathy of Sydney Aldermen against the lawful aspirations of Australian democracy'. T. & L.C., 31 March 1904.

1

Q.W., 1 December 1900; Worker, 29 July 1905; T. & L.C., 20 February 1902, 31 March 1904, 18 and 23 May 1905, 24 June 1905, 26 March 1908, 7 August 1908, 19 August 1909.

2

T. & L.C., 7 August 1908, 19 August 1909, 27 April 1911.

A coincidence of views and alignment of policies was further aided by labour activists operating in both the industrial and political wings of the movement, i.e. in the labour councils and labour electoral leagues.¹ Moreover, many of the most active labour politicians spent years as union leaders, often retaining representative positions in or regularly attending meetings of labour councils concurrently with being elected members of legislatures. Certainly Parliamentary Labour parties engaged in matters of wide social and economic importance, but the largest part of their concern was with using legislatures as forums for disseminating labour ideas,² and manipulating government authority to bolster unions' diminished industrial strength.³

The Public Sector⁴

Such methods were first primarily designed to eliminate poor wages and long hours of work in the area of economic activity directly under government aegis, i.e., public works and public servants. From 1895 on, colonial parliaments were persuaded by pressure exerted

1

L. Overacker, op. cit., p.64.

2

N.B. Nairn, op. cit., p.232; Turner, op. cit., p.51.

3

H.S. Broadhead, op. cit., p.10.

4

See Chapter 5 for closer examination of Government wages policy.

by Labour and Liberal Protectionist members to instruct government departments to pay union rates of wages and a Living Wage for unskilled labour.¹ Once having obtained authorisation of minimum wage for employees working either directly for government departments or for government contractors, labour members particularly, harassed administrations of whatever political complexion to enforce the regulations.

The most difficult problem to be solved before government employment could be expected to function effectively as a wage setter was that of contract work. Under the pressure of labour shortage, public works contractors had earlier paid union rates of wages for tradesmen, and 7/- a day for labour in unskilled jobs. Reversed conditions in the labour market, plus the spread of sub-contracting caused wages to fall, often to 3/6 to 4/- a day. Unionists and Labour members attacking the practice of letting out public works to contractors, reserved their sharpest invective for sub-contractors over whom government departments could exercise little control. 'Day labour' became the slogan of the campaign to induce government departments to end contract work. By the early 1900s, unionists congratulated themselves on having been responsible for reducing contract labour to a minimum and for

1

A tactic used by building unions two decades earlier, Hayter, Coghlan and Others, op. cit., pp.150-1.

government departments enforcing the 7/- a day Living Wage for all unskilled men employed on public works.¹

With equal tenacity, the unions pestered Railway Departments and Labour members urged Ministers of Railways to improve railwaymen's wages. Most noticeable was the constant demand to raise and standardize 7/- a day as the Living Wage for unskilled labourers. On the first occasion Commonwealth parliament debated public servants' salaries, Labour and Liberal Protectionists pressed for and secured a minimum Living Wage of 42/- a week for all male, adult, government employees.²

Yet despite the optimism expressed in Parliaments, governments' example was not emulated by private employers. In the seventies and eighties governments had been cast in the role of wage-leadership, but only because of the acute shortage of labour. In the 1900s, they employed a smaller proportion of a work force which was characterized by a high level of spare capacity. And no amount of exhortation could induce private employers to voluntarily pay wage rates other than those determined by economic conditions; this qualified only partly by collective action of the better placed wage-earners.

1

T. & L.C., 31 January 1901.

2

Comm. Parl. Deb., 1901-2, Vol. II, pp.1543 et seq and 1973 et seq.

The Private Sector

By, or very soon after the turn of the century, labour had almost exhausted opportunities for leveraging direct pressure on government to ensure 'fair' working conditions for wage earners. In the main, issues had been comparatively straightforward, the remedial measures self-evident. Private enterprise employment was infinitely more puzzling. Before tracing the course of labour's overall strategy in relation to non-government work, it is useful to survey the conceptual dilemma presented by current economic conditions, especially as they affected business organisation.

Throughout the 1900s, labour had difficulty in understanding the paradox of increasing national economic prosperity and the failure of wages to rise in step. Though many craftsmen had regained pre-depression rates by 1902, wages failed to rise again in money terms before 1907-8; and in real terms before 1909 and then only until 1913. And in keeping with our general theme, the unskilled fared much worse.

Perhaps most characteristic of union thinking and consequently policy decisions was the notion that the relatively low wage paid for unskilled work reflected not an insufficiency of national economic capacity, but the alleged rapacity of employers unfeelingly exploiting a grossly overstocked labour market. Thus (in 1900)

...many grievances exist in the industry, but the chief one is that of a living wage. Increasing prosperity has come the shipowners' way...expenses are low and profits and dividends are high. The wharf labourer who has existed on 25s. a week for eight years is looking for a share of the results of a returned prosperity. Will our Christian and fairminded employers give a few crumbs? Not voluntarily, we think, but public opinion, or possibly legislative action may compel them.¹

Unionists in their utterances and actions demonstrated a conviction that profits generally were exorbitant, particularly in industries dubbed monopolies.²

Referring to the tobacco trust, the Tocsin adverted, to 'Large fortunes amassed by subsidized firms...while... workers with wives and families received 20/- per week'.³ Three years later the Queensland Worker picked out sugar refining, flour-milling, cables, newspapers, kerosene, meat, wool and coal as monopolies and advocated 'state ownership [as] the only remedy'.⁴

1

Q.W., 3 November 1900, 20 September 1902. For other examples, Worker, 12 May 1900, 8 September 1900, 15 September 1900, 29 September 1900. Tocsin, 28 September 1905, 19 October 1905. Worker, 24 January 1907. T. & L.C. 28 November 1905; Official Report of the Federal Trades Union Congress, Melbourne, February 1907, p.23.

2

T. & L.C. Minutes, 28 November 1905, 11 January 1906. For a partial vindication of unionists' impressions see L.J. Hume's study 'Monopolistic practices in Australia', unpublished paper written for Sydney University, 1947.

3

4 August 1898.

4

16 November 1901. See also H.V. Evatt, Australian Labour Leader, Sydney 1945, pp.265-6.

Where, indisputably, profits were low, unions attributed this to the 'evil' of unregulated price competition. Either way as they saw it the wage earner suffered. It was generally believed that the absence of restraint allowed monopolists to charge what they liked for their products and pay as they liked for labour - the result, a syphoning off of a disproportionate share of the production process to 'undeserving' shareholders. In the second case, intense price competition, accentuated by the discontinuance in depression years of trade agreements, forced down product prices which in turn meant progressively lower wages - a movement weakened trade unions could do little to arrest.

Given their political strength and the conviction that answers to pressing economic and social problems should be found in the liberal exercise of state power, it would have been rational for labour to have pressed for wholesale nationalization. Pressure for the Living Wage for state workers was currently being made effective: an extension of state ownership to other industrial activity was the most 'obvious' way to complete the process.

Yet, while monopolistic enterprises were earmarked for nationalization neither industrial nor political labour seriously espoused the full rigours of the

socialist ideology.¹ Hence the need for an alternative approach.

Holding to the view of industry's capacity to improve working conditions, if only by elimination of wasteful competition, unions often warmly approved of employers combining to set 'fair' prices,² but this remedy left unresolved the problem of ensuring a 'fair share' of higher profits to wage earners.

Solutions evolved as opportunities presented themselves. Besides constant pressure on governments to implement policies correcting the heavy imbalance in the labour market by restricting immigration,³ to stimulate demand for labour by crash programmes of public works, and to set up publicly owned businesses to compete with private enterprises, thereby lowering

1

Golland, op. cit., pp.171-2. The N.S.W. P.L.L. included 'nationalisation of land and the whole means of production, distribution and exchange' in its party platform from 1896 but consistently refrained from promoting nationalisation to be an 'objective of the party', also pp.153, 189. Broadhead, op. cit., p.70.

2

Infra, p.388.

3

F.K. Crowley, op. cit., pp.65 and 81; Nairn, op. cit., pp.147 and 223; T. & L.C. 18 April 1901; Official Report of Federal T.U. Congress, 1907, p.13. Labour Councils exerted continual pressure on colonial, state and Commonwealth governments against any renewal of assisted immigration or permitting imported contract labour.

prices, labour pressed for legislation to provide institutional devices conceived earlier, but not implemented. These were, in some chronological order, quasi-legislative industrial tribunals, the Union Label, and New Protection. Each of these presupposed employers' capacity to pay a Living Wage: each represented a governmental coercive measure for making them do so.

Industrial Arbitration

Discussion of the particular institutional form of tribunals developed by Victoria and New South Wales is to constitute the subject of Chapter 7. Here we are concerned with more general attitudes to methods and principles of conciliation and arbitration.

Conciliation and arbitration in industrial disputes in Australia was far from new. In the seventies and eighties there were numerous instances of third party decision making¹ in a regular formalized system. In these cases both sides of industry were amenable to pacific means of dispute settlement. Giving evidence before the Royal Commission on Strikes, 1890-1, unionists were almost as one on the desirability of conciliation and arbitration as a

1

Philipp, '1890 - The Turning Point...', pp.149-50. Gollan, op. cit., p.183. Nairn, op. cit., p.116. For similar interest in arbitration in Britain at this time see H. Phelps-Brown, The Growth of British Industrial Relations..., pp.183-189, S. & B. Webb, History of Trade Unionism, 1666-1920, London 1920, p.337.

preferred alternative to striking.¹ For once we may treat this proffered testimony with something less than a jaundiced eye. During the protracted hearings, employers' evidence was equal in volume to unionists, and nowhere is there a refutation of the unions' declared policy.² Probably experience of 'awards' encouraged unions' predilection for arbitration, the general opinion being that arbitrators invariably 'split the difference'. As unionists usually took the initiative in industrial disputes, such decisions were mostly acceptable. Yet some prominent trade unionists and most employers agreed - for different reasons - on the undesirability of compulsory arbitration. Unionists were not averse to the proposition, in theory, but were bitterly resentful of government partisanship, as they saw it, in the recent strikes. Addressing parliament in 1903, J.C. Watson, later the first Labour Commonwealth Prime Minister, stated that at the time of the maritime strike he was not in favour of compulsory arbitration.

It seemed to me that considering the class bias which prevailed in the Legislature of those days...it was not a wise thing for us when we had some chance of winning by means of a strike to hand over to a body in which

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See union responses, Q.316/17, 1580, 1639, 3887, 3889, 3990, 3905, 7434, 8119, 8231, 8302/6 and others. Philipp, '1890 - The Turning Point...', p.148.

2

Ibid. Belief in conciliation and arbitration '...stated without challenge continuously at inter-colonial T.U. congresses'.

we were unrepresented the power to determine all the industrial troubles which arose.¹

Employers rejected arbitration of any sort, especially the compulsory variety, preferring in its stead collective bargaining and/or voluntary conciliation. Time and events were to justify this view. For the greater part of the next two decades, employers' industrial power was in general greater than the unions' and presumably, arbitration of disputes could have redounded only in favour of the latter.

Two main factors seem to have operated to tip the unions in favour of compulsory state regulation of industrial relations. In 1891, few had appreciated the calamitous nature of the impending economic depression.

We need not fear any temporary depression.... Today, population and capital are pouring into the colony - permanent settlement is extending in every direction, new industries are being multiplied, and we are making rapid growth in town and country.²

Though sustaining a severe set-back in the maritime and shearers strikes of 1890, most unions were still

1

Comm. Parl. Deb., 1903, Vol. XV, p.3209.

2

J.A. La Nauze, Alfred Deakin, Melbourne 1965, Vol. I, pp.121-2, 126.

strong,¹ and confident that but for government partisanship,² the outcome of the strikes would have been different. Hence 'A committee had been appointed for the sole purpose of organisation and had succeeded in forming several strong unions and strengthening existing unions'.³ Concurrently, political organization was in process of being reshaped with the intention of correcting the 'bias'.

As the depression deepened, however, labour's industrial power was seriously undermined. The 1892 strike at Broken Hill and the shearers' in 1894 made obvious the employers' overwhelming strength, especially when refusing obdurately to meet unions in conference or to accept arbitration under the N.S.W. Arbitration Act (1892).⁴ On the other hand, enhanced political power was a comfortable assurance that the

1

Literary Appendix, p.157, Summary of the Report and Balance Sheet of the Trades and Labour Council of New South Wales for the half year ending December 1890: R.C. Strikes, 1890-1. July 1890, 53 Societies (35,000 members) affiliated with T. & L.C. of N.S.W., December 1890, 68 societies (40,000 members).

2

Ibid. 'The failure of the Maritime strike was attributed to the great amount of unorganised labour surplus available in Australia, the hostility of the Press, the assistance rendered by the Government to the capitalists'.

3

Ibid.

4

Nairn, op. cit., p.265; Pastoralists Review, Vol. IV, p.240: T.H.C. 2 December 1894, employers refusal of arbitration to settle glass bottle makers dispute.

'bias' of 1890 could be corrected. By the last years of the nineteenth century, the labour movement seems to have been convinced of the need for government intervention, government industrial tribunals, and government compulsion to enforce awards.¹

This is not to imply unions had forsaken completely the methods of direct negotiation with all its ramifications and consequences. Both before and after the introduction of wages boards and compulsory arbitration, unions persevered with conventional methods of industrial relations. For instance, as economic conditions improved (1899-1901) surviving or reformed unions by-passed the infant institutional arrangements to seek improvement of sagged wage levels. (And the same occurred from 1906-7). Most of the adjustments in wage rates were agreed to by unions and employers meeting in conference; only infrequently, was the issue pushed to strike action. Heavy defeats of the early nineties, together with later ineffective protest strikes, fostered a high degree of caution.²

¹
V.G. Childe, op. cit., p.XXVII and Gollan op. cit., p.187.

²
Even in the worst years however, trade unionists claimed some strikes were moderately successful, e.g., T.H.C. Minutes, 2 February 1894, Ironworkers' Assistants Society; 16 November 1894, Cigar Makers 'Employers agreed to use only union labour and work on union principles in the future'; various dates September/October 1894, Glass Bottle Makers dispute 'settled satisfactory - 18 January 1895'.

The Secretary of the Federated Stewards and Cooks Union for instance asserted: '...we don't want to see any trouble...we had enough of that in 1890'.¹ Even so, the number of strikes show a sharp lift in 1900 and 1901 as various unions, mostly the crafts, miners and wharf labourers, either resisted further wage reductions or claimed back union rates.²

Noting this ready return to collective bargaining, and industrial action, we might speculate whether state-imposed industrial regulation would have suffered an early demise, had the economy continued to improve at the 1899-1901 rate. Perhaps many union activists were not finally persuaded of the virtues of arbitration, though sentiments expressed in parliaments by Labour parties, and by union representatives at meetings of trades councils leave little room for serious doubt. Possibly the increase in unemployment (1902-5) proved decisive. Union growth was severely retarded, organisation efforts slowed, some employers sensing their strengthened power position refused to meeting the unions in conference (e.g. the long Victorian Outtrim Miners Strike of 1903/4) and in the few strikes and lockouts recorded, the outcome was generally unfavourable to the unions.

As a generalisation it could be held that by 1906-7 the unions were finally convinced of the

¹
S.M.H., 4 July 1907.

²
Supra, Table 30.

advantages of a legally constituted system of industrial control and regulation,¹ even though they may have not been prepared to recognise '...any moral responsibility to accept the decision of arbitration courts when these clashed with [their] vital principles'.² It is certainly true that when economic conditions were propitious, when weaknesses in the various systems of industrial tribunals became apparent, and when delays in hearing cases were intolerably long, some unions resorted to industrial action. These were primarily the intrinsically stronger unions who adopted a flexible policy of using the industrial tribunals or direct action whichever at any point in time seemed most likely to give the best results. Yet in Australia all through this period not many unions were strong enough to conduct successful strikes - the N.S.W. miners' defeat in 1909 demonstrated the magnitude of the task of winning against both the employers and the State. Moreover, others found the developing industrial tribunals eminently suitable institutions within which to conduct collective bargaining, to have the results enforced by law, and to spread 'agreement/awards' throughout industry. Finally there were considerable numbers of

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See Ian Turner's Review of Ian Bedford's article 'The One Big Union', 1918-1923, in Labour History, No. 5, November 1963, p.67. Also Worker, 16 May 1907.

2

Lloyd Ross, Labour in Australia, New York 1943, p.27.

unions, perhaps the majority, for whom awards and determinations were by far the most effective means of bettering and maintaining wages; thus,

If it be said that strong and militant unions have generally been able to maintain standard wages and conditions of employment without the aid of an award, it should be borne in mind that a multitude of workers in the diversity of industries and business are found outside the big unions, and their unions are not militant nor are all big unions militant.¹

The consequence of Labour's firm commitment to compulsory industrial tribunals are manifold, but we need to draw attention here only to the increasing concern for the poorest paid wage earners. Perhaps no more effective forum could have been devised to debate the social value of a national minimum wage. Whenever unskilled workers numbered in the log of claims, union advocates stressed society's obligation to guarantee every adult Australian worker a Living Wage, and repeatedly, judges were forced to discuss, in public, the complexities of industrial relations particularly those of wage determination.

The legal profession is, perhaps, wont to look for precedents, to seek consistency, and to enshrine

¹
The Australian Quarterly, June 1929, p.42. Also
T. & L.C., 13 May 1909.

principles.¹ It is not surprising then, that first the N.S.W. and later the Commonwealth Court found it convenient to enunciate the principle of a Living Wage as fundamental to fixing wages of the unskilled as well as being the foundational amount on which to build an hierarchy of 'margins'.

The Fair List and the Union Label

Until almost the end of the decade, the coverage of industrial tribunals was very restricted. For a variety of reasons, the N.S.W. Arbitration Court was institutionally unable to cope with the unions' demands on its services, and Victorian wages boards were too few and too limited in occupational and geographical coverage to cater for the considerable numbers of wage earners anxious to improve working conditions.² As a further expedient then, unions developed the supplementary means of lifting wages rates - the Fair List and its companion piece the Union Label. Both devices were fashioned to elicit the buying public's support for trade unionism and for what were conceived to be 'decent' wages.

The Fair List was the direct union-consumer link whereby various unions separately compiled lists of

1

For a forthright statement on the indispensibility of guiding principles see Judge Heydon, N.S.W. Arb. Court Inquiry re Cost of Living (1913-14)...., op. cit., Transcript, p.185.

2

Infra., pp.433-5.

employers who were known to pay union wage rates, and as a later development, union-approved conditions of work. An early example of the unions compiling Fair Lists for consumer guidance is the 'List of Fair Printing Offices Issued by the New South Wales Typographical Association' in June 1894, which nominated the Sydney firms who were 'working in accordance with the rules of the union'.¹ And from the turn of the century T. & L.C. minutes contain numerous references to unions adopting this method of informing the public of work places where union rates were paid.²

There are several references in the T.H.C. Minutes to similar arrangements in Victoria during the nineties and the early 1900s.³ In October 1903 the Council affirmed

...the principle that all unions affiliated with it should wherever possible give their custom to Manufactured articles retailers and Distribution of union made goods, and

1

See also Hagan, op. cit., pp.192, 202.

2

Brewers, seamen, cordial makers, musicians, carters and carriers, trolley-men and draymen, undertakers, billposters, shop assistants, warehousemen, clerks.

3

28 September 1891, aerated water; 21 July 1893, bakers; 3 July 1896, licensed collectors; 3 November 1900 and 3 May 1901, milkmen; 1 February 1901, undertakers; 26 June 1903, jam; 18 September 1903, hawkers and dealers; 18 November 1904, butchers; 13 December 1905, cabowners and drivers; 25 May 1905, typographers. See also Tocsin, 21 February 1901, dairies.

hereby instructs its Executive to consider and Report the best means to adopt to secure this desirable result.¹

Although still important in 1914 when the Victorian Shop Assistants' union are reported to have compiled 'a White list of establishments where unionists [were] employed'² the Fair List technique was gradually superseded or supplemented by that of the more comprehensive and more ambitious Union Label, Tag, or Badge.

Publishing Fair or White Lists placed the onus of detecting union and non-union shops on the unions, and further posed considerable problems of disseminating this information to the consuming public. In keeping with the general policy of calling on government aid to further wage earners' interests, increasing attention was given to obtaining legislation authorising employers who recognised union conditions to stamp their products with the Union Label or to display it in premises giving services.

The Union Label was copied from the United States where it was said to have been originally adopted in 1874 by the Cigar Makers' Union whose members were 'threatened by competition of cheaper labor and the mass of immigrating Chinese'.³ Discussion in Australia

¹
T.H.C., 2 October 1903.

²
Worker, 15 January 1914.

³
Worker, 5 June 1913.

of importing this technique can be dated from 1891 when the Inter-colonial Trades and Labour Congress resolved to press for '...legislation of a trade mark to be used by employers of union labour on all goods produced in the colony by such labour',¹ a policy which, however, was shelved owing to the cost element of registration in different trades.²

Though occasional references to the Union Label 'which if adopted would be of great benefit to the Trades'³ in the nineties are to be noted it was from the early 1900s that the labour movement showed a more determined intention to use their political influence for this purpose. Labour M.L.A.s prompted by the labour councils took up the question in the Commonwealth Parliament, and in December 1905 the Trade

¹ Sutcliffe, History of Trade Unionism..., p.100.

² Ibid., p.101 fn.

³ T.H.C., 30 November 1894, see also 10 August 1894 and 10 February 1898.

⁴ Report of the Commonwealth Trade Union Congress, Sydney, November 1902, p.16; Q.W., 2 August 1902; Report of the Inter-State Trade Union Congress, 13 November 1902; T.H.C., 28 October 1904, 29 May 1905, 24 November 1905, 12 January 1906, 31 August 1906; T. & L.C. 23 July 1903, 4 August 1903, 13 January 1904, 3 November 1904, 28 November 1905.

Marks Act included a clause providing for the Union Label.¹

However, the measure was powerfully resisted by 'conservative members of Parliament'.² Trade Union deputations to the Commonwealth Attorney General³ were matched by those 'representing various employers' unions of Australia, the Chambers of Commerce, Manufacturers, the Warehousemen and Pastoralists',⁴ and in 1908 the High Court on appeal of 'four brewery companies in Sydney' declared the Union Label clause invalid.⁵

We have no means of assessing the usefulness or otherwise of this expedient. Presumably it operated on the margin of effectiveness. But its conceptual base and energetic application illustrates labours' exploitation of any method to counter economic

1

For the progress of this measure through successive early Commonwealth Parliaments, see G. Sawyer, Australian Federal Politics and Law, 1901-29, Melbourne 1956, pp.45-6.

2

Worker, 19 August 1905.

3

T.H.C. 28 October 1904.

4

Worker, 19 August 1905. The employers' stated objection was their fear of Unions imposing the closed shop rather than an unwillingness to pay union rates. See Australian Employers' Federation Report of 1905 Conference, pp.43-9.

5

Sawyer, op. cit., p.83.

determinants and give expression to the belief that wages were being held at an artificially low level.

New Protection

The belief that wages were being held too low, especially those paid for unskilled work, and labour's consequential strategy is exemplified most clearly by the attitude adopted toward encouragement of native industries, that is, of granting bounties or external trade protection, and of ensuring wage earners benefited directly therefrom.

The Australian trade union movement has almost from the outset accepted the apparent logic of its demands for high wages. Though the major criterion of Australian political ideological divergence, Free Trade versus Protection, had infected the movement's political wing, trade unionists qua trade unionists generally acquiesced first in colonial and later Commonwealth trade protection.¹ In very general terms, unionists looked at the tariff issue from an uncomplicated viewpoint. Trade barriers against imports of manufactured and some primary goods would

1

Gollan, op. cit., pp.77-8; Nairn, op. cit., p.89; Coghlan, op. cit., Vol. II, p.1024; B. Mansfield, Australian Democrat, The Career of Edward William O'Sullivan, 1846-1910, Sydney 1965, p.83; A.W. Martin, 'Political Groupings in New South Wales, 1872-1889, A Study in the Working of Responsible Government', Ph.D Thesis, A.N.U., 1955, p.257, passim.

divert consumer demand to home industries, thus providing more, and a wider variety of jobs, and greater continuity of employment for Australian wage earners. Protection also deprived employers of their most potent argument in wage bargaining, i.e. their proclaimed inability to compete with products imported from low wage countries. Thirty years before the depression it was posited that adequate protection would allow employers to pay fair (Australian standard) wages. 'The present Tariff is a thing of no account. I will never rest until Victoria is encompassed with a tariff wall that will enable the local manufacturer to pay the local artisan a fair living wage'.¹

There was, nevertheless, a strand of thought running through from David Syme implicitly correlating more directly protection with a standard of living. Tariffs afforded to manufacturers carried with them a moral obligation for employers to pay 'fair and reasonable' wages.²

The direct linking of tariffs with the Living Wage emerged from the ruck of economic depression. It was essentially another means of gearing government authority to labour's interests; to accelerate the re-application of pre-depression conditions of labour.

1

Ambrose Pratt, David Syme, Father of Protection in Australia, London 1908, p.157.

2

Overacker, op. cit., p.34.

Again, the enunciation and general acceptance of New Protection reflects an appreciation by considerable sections of the Australian community of the apparent social injustice meted out to many wage earners.

Efforts to tie protection to compulsory wages and hours stipulations originate from and were nurtured by a growing public consciousness of the plight of families existing on extremely low wages, frequently of the order of those decried as 'European or Asiatic pauper labour'. Manufacturers' and some primary producers' pleadings for government support (tariffs and bounties) to ensure profitability were coupled with labour and labour sympathisers' equally cogent demands for a Living Wage.

The depression, then, activated a concept long the topic of liberal social thought. Like other concepts of social welfare New Protection took time to fructify. In the nineties the 'anomaly' of high protection and low or lowered living standards for many working in protected industries became more obvious. From the middle of the decade labour made public their distrust of employer's intentions if granted further protection, thus:

I regret that the protectionists of the past did not make it a condition precedent that before you give protection to any manufacturer you should secure protection for the workmen. I hope that every time we give any manufacturer protection we shall

say to him...he must undertake to give his employees a proper amount of protection (June 1895),¹

and debating wages in the N.S.W. Parliament, Labour sympathiser, Mr Bavister related:

Not many years ago a contract was let, with the consent of the House in connection with the iron trade. The bait was held to Labour members was that it would keep up wages among the men so employed. Did it? Within a fortnight of the letting of the contract the firm...gave notice to their employees of a reduction in wages which they enforced. That being so, I do not think any surprise need be expressed if we fight shy of supporting anything of that sort again.²

In the Victorian Parliament a year later (1898) another Labour member, Prendergast berated employers in the subsidized tobacco industries 'making huge fortunes but paying their workers £1 or less a week'; members were urged to vote 'not one penny...unless the Bill contains a clause providing for a decent minimum wage for every employee' and continued,

...we have already had a specimen of how labour is treated in the beet sugar industry which was largely bonused by the Government and we have no reason for supposing the wine cellar shareholder has one whit more feeling for labour than have the foreign individuals

1

Labour M.L.A. Hancock, Vic. Parl. Deb., Vol. 77, 1895-6, p.266.

2

N.S.W. Parl. Deb., 1897, Vol. 90, p.3571; see also Vol. 88, 1897, p.1481.

who were fortunate to land a large State prize in the Maffra Beet Sugar Company.¹

In the event, it was the latter industry which provided the first occasion of a government measure to impose a legal obligation on employers to pay a Living Wage as a condition of government supporting the industry. In the Victorian parliament (1898) Labour members, against considerable opposition, proposed the insertion of a New Protection clause in the Maffra Sugar Bounty Act. Expressing a sentiment to be oft repeated in subsequent years Dr Moloney stated:

The view generally held by those who were still in favour of the policy of protection was that in the future whenever assistance was given by the State to any industry it should be accompanied by some measure of protection to the workers...he personally had promised not to assist any industry, that would not enter into a pledge to try to improve the condition of the workers.²

Trenwith, somewhat before his time, unavailingly made a plea for New Protection to wit, 'Why should you not

¹ Tocsin, 7 July 1898. See also Tocsin, 2 October 1897 and 6 October 1898; Vic. P.D. 1898, Vol. 88, p.920; Worker, 25 August 1900 and 4 February 1905; Broadhead, op. cit., p.42. For the T.H.C.s concern for conditions of wages in the Wine Growing Industry 14 August 1896 and pressure for government action see T.H.C. 18 July 1896.

² Vic. Parl. Deb., 1898, Vol. 88, p.902. (This volume was written partly in reported and partly in direct speech).

apply the amendment to all protected industries?¹ The bill tabled in parliament was devoid of any reference to wages and conditions, and it was only in the course of the debate when Dr Moloney voiced this concern for and gave evidence of low wages and long hours worked in Maffra's sugar processing factories that Labour, Liberal and some Conservative members supported the stipulation of a minimum wage of 9d. an hour.² It is significant that the ultra-conservative Legislative Council was persuaded, after some dissent, to allow the proposal through to become law.³

The principle thus established became a twin focal point of labour remonstrances and pressure for the next decade and a half. Conditional state subsidies were proposed, accepted and became a norm for subsequent Commonwealth legislation. For it was extremely awkward for employers or employers' parliamentary spokesmen to press for protection for profits without accepting protection for wages.

Nonetheless, it was some time before this loosely phrased and inchoately conceived concept was refined and adapted to apply to protection of manufacturing from external competition. A salutary indication of

¹
Ibid., p.906.

²
Ibid., p.1082. See also Vol. 89, p.1376.

³
Victorian Acts of Parliament, Vol. 62, 1898, Act No. 1556, pp.1-2.

this conceptual lag is the comment in the Commonwealth parliament (1902) by the Member for Canobolas, Mr Brown, who in discussing McKay's suggestion of £15 protection for harvesters, favoured giving a bonus 'in order that we should know then the exact extent to which we were undertaking obligations, and could determine what standard of pay should be adopted for those employees in the factories'.¹

Apart from the conceptual difficulties involved, lack of advocacy of tied protection 1901-2 can possibly be appreciated in terms of contemporary economic and political circumstances. Though not to be exaggerated, the 1900-1 boom had ephemerally facilitated full employment (except for the unskilled). It also provided unions the opportunity to revert to orthodox methods of raising wages, and this, together with ambitious organizing campaigns, occupied their efforts in the industrial scene. In parliament, Federal labour was pre-occupied with the multifarious aspects of Commonwealth parliamentary business and formulating its lines of policy and action. Furthermore, Labour members were perforce circumspect in dealing with the whole problem of tariffs:² the merging of state representatives holding different fiscal views -

1

Comm. Parl. Deb., 1901-2, Vol. VII, p.8541.

2

For labour's concern to play down the fiscal issue see Q.W., 12 October 1901; Tocsin, 7 November 1901; T. & L.C., 4 August 1904; Q.W., 12 November 1904.

especially those from New South Wales and Victoria - required the most delicate handling to avoid a split similar to that in the former state in the years 1891-4. These factors, plus the promise of a new Commonwealth system of industrial conciliation and arbitration, probably accounts for the tardiness of Labour pressing for tied protection. Both the Labour Party and State labour councils appear to have deemed it expedient to treat the first Commonwealth tariff mostly on orthodox lines;¹ to taking 'as much of the burden of the taxation off the shoulders of the working classes as possible because they are the least able to bear it'.²

It was during 1902-6 that the doctrine of New Protection matured and assumed the form of a practical means for linking fiscal measures with those of social welfare - the whole satisfying Liberal and Labour precepts of social justice. Yet still the concept was not related directly to protection from external competition. From 1902 to 1904, the 'uneasy' fiscal truce between protectionists and free-traders kept the tariff question away from parliamentary discussion, while differences within the Labour parties hampered

1

'The tariff [should] be arranged so as to encourage local industries and at the same time secure that the burden of taxation shall fall as lightly as possible upon the working classes'. Q.W., 3 February 1900.

2

Q.W., 17 May 1902, 3 January 1903.

the discussion of tariff policy in general and conditional tariffs in particular. Hence the nurturing of the principle took place in the area of political and social discussion where no fundamental differences applied - the granting of bounties to some basic industries. In 1901, for instance, Mauger stated: 'I would have the measure [bonus for the proposed iron industry] fenced in with regulations as to wages and dividends'¹ a sentiment supported by H.B. Higgins who proposed to move a conditioning clause '...that private enterprises receiving bonus should be required to pay fair and reasonable wages and provide good conditions of work',² a line which Labour disfavoured, it preferring public ownership by one or other of the States. Debated again in 1904, Higgins forcibly repeated his advocacy:

I wish to provide that the Minister must also be satisfied that proper wages have been paid, and proper conditions of labour observed....I do not believe in giving public money to private persons unless they pay a public scale of wages...in granting this bonus, the Commonwealth should say to the manufacturers, 'We do not care twopence for your industry unless the human life which is to operate it is properly preserved and remunerated'.

The Manufacturers' Encouragement Act (Iron Industry), tabled in 1905, provided in clause 10 (1): '...the

¹

Comm. Parl. Deb., 1901-2, Vol. X, p.13605.

²

Ibid., Vol. XI, p.14812.

³

Ibid., 1904, Vol. XXII, p.5779.

minister may at any time but not oftener than once in six months refer to the President of the Commonwealth Court of Conciliation and Arbitration the question of fair wages to be paid, or fair prices to be charged'.¹

Although the first Sugar Bounties' Act of 1903 eluded conditional clauses, the 1905 act made provision for the withholding of bounties unless fair wages and conditions were observed.² Similarly, the Bounties' Act of 1907,³ the Manufacturing Encouragement Act of 1908 and the Shale Oil Bounties Act of 1910,⁴ each included provision for withholding of bounties 'If the Minister finds that the rates of wages...are...below the standard rate prescribed by the Commonwealth or State industrial authority'.

The extension of this principle to industries protected from external competition was the product of four main circumstances: attempts to reconcile the protectionist and free trade elements in the Federal Labour Party; Deakin's wish to meet labour's party policies which were not wholly beyond the limits of his plans for social-welfare legislation; the tactics of manufacturers eager to raise the Commonwealth tariff;

1

Ibid., 1905, Vol. XXV, p.828.

2

Acts of Parliament of the Commonwealth of Australia, 1901-11, Vol. I, p.157, Sugar Bounty Act, 1905-1910.

3

Ibid., p.148.

4

Ibid., p.154.

and the blank refusal of organized labour to collaborate with manufacturers without positive guarantees of pledges of higher wages being honoured.

The coalescing of state representatives in a Federal party had not reconciled different views on fiscal policy held by, broadly, members of New South Wales and Victoria; hence the anxiousness of labour propagandists to belittle the tariff issue. Once, however, the Reid-McLean government reopened the issue,¹ the Labour Party was constrained to devise some overall policy acceptable to both free trade and protectionists alike. Differences had apparently not been fully composed by 1905 when the Third Commonwealth Political Labor Conference rejected a motion '...that all candidates be pledged to the New Protection, securing protection to the manufacturers through the Customs House and the Workers through the Industrial Arbitration Act'.² Possibly the free trade element would be satisfied with nothing less than a legislative guarantee of direct participation in profits derived from protection.³ Noting the actions of the agricultural machinery employers, one delegate at a meeting of the T.H.C. said: 'Free-trade Labour members would vote for protection if assured that the workers

1. Comm. Parl. Deb., Vol. XXI, p.3877 (4 August 1904).

2. Melbourne, 8 July 1905.

3. G. Sawyer, op. cit., p.48; also Cairns, op. cit., p.245.

would receive a fair share of the increase'.¹ And this required the drafting of the celebrated formula which became the basis of the Excise (Agricultural Implements) Act of 1906.²

As has been noted, Liberal Protectionists were amenable to the principle of New Protection: all the bounties legislation had been passed into law by Liberal-led governments. There is no reason to impugn Deakin's sincerity in declaring for conditional tariffs, although it may well be that the highly complex interventionist arrangements visualized by the Labour Party, by late 1907 and early 1908, were rather less palatable than the comparatively uncomplicated quid pro quo, fair wages for financial support. Whatever the strength of Deakin's social-welfare convictions, the pace and extent that he might have contemplated legislating for New Protection, from May 1905 his remaining in office³ rested on Labour Party support. Significant in the 'Articles of Alliance

¹
Tocsin, 30 November 1905.

²
In fact, the principle was first embodied in the Excise Tariff Act (Spirits), No. 20 of 1906, and reincorporated, in effect, in the Excise Tariff Act of 1908. Unlike the agricultural implement maker employers, distillers readily agreed to pay 'fair and reasonable' wages, and did not therefore need to challenge the constitutionality of the Act. Argus, 16 November 1907, 20 November 1907.

³
A.J. Reitsma, Trade Protection in Australia, Brisbane 1960, p.14.

between the Liberal Protectionists and the Labour Parties' is the juxtaposition of two clauses in Plank 14, viz., '...to secure fair conditions of labour for all engaged in every form of industrial enterprise' and 'A Royal Commission to be at once appointed to inquire into the necessity for tariff protection'.¹ Thus contemporary political alignments were, coincidentally, favourable to the legislation of a unique measure of contrived social welfare.

Unpalatable as the charge might have been, manufacturing employers were partly responsible for the Excise Tariff legislation. The first Commonwealth tariff, being a compromise between proponents of protective and of revenue measures, failed to satisfy manufacturers, especially the Victorians whose industries in some instances were given lower rates than under the old colonial legislation. Active pressure on the government to review the tariff is dated by Ambrose Pratt from 1904,² when David Syme initiated a campaign which coincided with manufacturers stepping up pressure directly and via the Protectionist Association.³ Typically the trade unions were enticed

1
G. Healy, A.L.P. The Story of the Labour Party, Brisbane 1955, p.36.

2
Ambrose Pratt, *op. cit.*, p.220.

3
Ian Campbell, 'Politics, Parties and Pressure Groups in Australia (1900-1905)', M.A. thesis, 1958, p.148.

to co-operate,¹ but this time they looked askance at employers' promises. Resentment and distrust voiced earlier were redoubled during the first half of the 1900s,² making it quite likely there was to be no labour support for tariff revision at the parliamentary level without binding guarantees. Even the T.H.C. which had pressed Victorian Governments ceaselessly in the 1890s and early 1900s for increased protection resolved in December 1904 '...to take no further action...in any scheme of Preferential Trade until such a scheme provides for the production of the preferred commodities under Australian Trade Union conditions of labour and pay'.³

For some time it appears the labour movement (and Liberal Protectionists)⁴ tended to view industrial tribunals as the appropriate institutional device.⁵ Yet, during the critical years 1904-6, partial disillusionment set in. Federal arbitration was slow to start operating due to O'Connor's prior commitments with High Court appeal cases; the New South Wales

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E.g., N.S.W. Arb. Court Transcript, A.S.E. N.S.W. District v Iron Trades Employers, p.402; U.L.P.S. v Comm. Portland Cement, pp.414-15.

2

E.G. T.H.C. 11 Oct. 1901, 23 May 1902, 5 Feb. 1903, 11 Sept. 1903, 23 Oct. 1903, 20 May 1904, 7 Oct. 1904.

3

T.H.C. 9 Dec. 1904 also 10 Feb. 1905.

4

Deakin's Speeches, 1905-10, bound volume of pamphlets, A.N.L., p.12.

5

T.H.C. 16 Aug. 1901, 11 Sept. 1903, 23 Oct. 1903. Worker, 22 July 1905, Toxin, 30 Nov. 1905.

Arbitration Court became increasingly cluttered with work and from 1905, successful cases brought by employers in the appellate courts seriously weakened its effectiveness. In Victoria unions were extremely hostile to the principle of 'Reputable Employer' written into the Act in 1903, and resented the Industrial Appeals Court reversing 'over-generous' determinations of wages boards. In South Australia the voluntary wages board system was almost completely unsatisfactory, whilst neither Queensland nor Tasmania had any wage determining tribunals whatever.

It seems probable that this combination of factors operated to swing opinion in favour of applying the principle of conditional protection to manufacturing as currently applied to Commonwealth government bounties.

Throughout, employers played their hand with consummate skill. Quizzed by Royal Commissioners, manufacturers generally subscribed to the principle of New Protection. For example, a metal trades employer, asked if given 30 per cent protection, what concessions would he make to his workers, replied: 'Work for six days a week instead of four, wage rises proportionately to increased work and profits'.¹ Consistently, while high protection measures were going through parliament, there was what appears to have been a conspiracy of silence; or put less strongly, while the tariff was in doubt, employers maintained a discreet silence, lending

¹
Róyal Comm. on the Tariff, Comm. Parl. Papers, 1906, Vol. V, p.2130.

support to New Protection in the vaguest terms when pressed for a policy statement.¹ Yet the Sydney Worker sounded a warning as early as September 1906. Opposing the appointment of a wages board for agricultural implement workers, Mr R.B. Rees quoted a local manufacturer

...who, when asked if he was going to make representation that the appointment be blocked, said 'No...we do not want to show our hand while this question is being debated in Federal Parliament. We want a big duty and are simply lying low, otherwise the Labor men will say we want a heavy duty but are not prepared to pay a standard wage'.²

By September 1907, manufacturers began to express opposition to the excise tariff system. The Council of

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The Worker, reporting Mr Charles Atkins, the Victorian Protectionist candidate (President of the Victorian Chamber of Manufacturers), after some prevarication states '...he wishes to now inform the public of Victoria that he is now in favour of industrial regulation in Factory Acts etc.' (6 September 1906). Similarly, the Argus reported the President as saying '...there was not a man in this room who would not give the workman a share in protection' (18 September 1906). Pressed on specific matters, individual manufacturers were induced to make concessions, hence even late 1907 the T.H.C. resolved 'That the Council cannot recommend an increase(d) duty on imported cycles on account of the unspeakable rates of wages paid in the craft, unless the employers are prepared to meet a cycle trade union representative in Conference and agree to a living wage for all branches of the industry'. The following month delegates of the Cycle Union reported that '...a Conference had been held with employers and good results were likely to follow'.

2

27 September 1906.

Employers (Melbourne) asserted that the New Protection element of the tariff 'infringed the Constitution'. It condemned the whole concept, and referred to the Excise Tariff (Agricultural Machinery) Act as 'extraneous matter illegal...the most specious legislative pretext that had ever come under its notice'.¹ The Sydney Morning Herald columnist advocated

The Commonwealth tariff should be as plain and straightforward as possible...from the time protectionist and socialist started in to tinker at it it has been as crooked as a tariff can be....They [Socialists] are foolish enough to suppose they can have a tariff whose incidence will be deflected from the class they assume to represent, and they hope to load it with provisions and provisos which will look like protection to the worker.²

In similar vein the Sydney Daily Telegraph referred to New Protection as '...a howling farce...new protection is a fizzle'.³ Later the same paper editorially wrote: '...the only purpose it [New Protection] can serve, or that is, perhaps really intended to serve, is that of deceiving Labor, and thus reconciling it to a tariff which it would otherwise oppose'.⁴

To employers' thinly concealed delight, New Protection as posited in the Excise Tariff Act was declared unconstitutional by the High Court, the case

¹
S.M.H., 4 September 1907.

²
Ibid., 13 October 1907.

³
13 November 1907.

⁴
Ibid., 18 November 1907.

occasioned by agricultural implement makers' continued refusal to pay duties necessitated by the Harvester Judgment. The New South Wales Chamber of Manufacturers held 'The Council has steadily opposed the New Protection measures feeling that it was an effective scheme to regulate conditions and not only so but was extremely irritating in its inquisitorial character. It was gratifying to know that it had been found unconstitutional'.¹ Two months earlier the Worker's protested

That taking into consideration the repeated assertions of all members of the Manufacturing Protective Association that they were in favour of 'New Protection' and that higher duties were necessary to pay higher wages we regret the action of some of that association in seeking to destroy the initial instalment of that system by appealing to the Court, thereby demonstrating their insincerity as to labour receiving a 'fair and reasonable wage' under the new tariff.²

As a postscript, whilst the Deakin government avowed its intention of finding an alternative means of implementing New Protection, subsequent prevarication and the watered-down terms of proposed amendments of the constitution reflect the Liberal Protectionists' decided lack of enthusiasm for further effort. This is not difficult to understand. From a simple variation or

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Worker, 3 September 1908, reporting meeting of N.S.W. Chamber of Manufacturers.

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Ibid., 9 July 1908. For another indication of labour's chagrin and rather empty threats 'to remove the tariff' see T. & L.C. 7 May 1908 and Worker, 24 June 1909.

extension of the Bounties Acts, New Protection had come to assume gargantuan proportions. By 1907-8 the scope of New Protection had been extended to encompass manufacturers, wage earners and consumers. It involved high and perhaps higher tariffs, a whole complicated system for ensuring wage earners got their exact share, and more seriously, an all-embracing, systematic set of arrangements guarding consumers against exorbitant prices. Labelling Labour's 'remarkable scheme' Newer Protection, the Sydney Morning Herald credited the Labour Party with forcing 'the last Parliament' to accept New Protection '...for the products of one or two protected industries', continuing 'Labour now demanded a permanent commission to protect consumers' interests... price control...total, complete labour regulation...an army of inspectors and officials almost equal to the number of producers'.¹ It is not surprising, then, that Deakin cavilled at being drawn into and promoting such a scheme.

This major aspect of Labour's wages policy has been examined in detail not only to illustrate their intense pre-occupation with manipulating government authority as a part-substitute for weakened industrial strength but also because of the close association of protection with Higgins' Harvester Judgment. The New Protection issue shows most clearly the connection between tariff protection and attempts to implement a socially desirable standard of living based vaguely on the high

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S.M.H., 19 August 1907.

level of pre-depression years.¹ Yet this standard was set and relied upon the two factors adumbrated in Chapter Two, viz., exploitation of the country's natural resources, using labour where productivity was highest and the availability of very considerable amounts of foreign capital funds enabling public authorities to pay a high wage standard.

From the nineties on, the structure of the national economy was changing to one featuring not only the less productive use of labour, but one which, if the growing work force was to be fully employed, needed protection from overseas competition. Moreover, government was never again to assume the same degree of effective wage leadership, if only because when investment became more available, both the type of public works undertaken and techniques of construction had changed. Expenditure on capital formation was less labour intensive, materials represented a larger proportion of total outlay than in the construction era of 1860-90.

In effect tariff protection, job opportunities and the standard of living were all interlinked and overlapped. Perhaps one of the most important themes of Australia's economic and social development from the

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For the continuing importance of employer/employee co-operation to increase protection as a means of maintaining high wages see the Inter-State Commission, Tariff Investigation, 1914-16 for numerous examples of unionists supporting employers' applications for the upward revision of the Tariff. Also, the Annual Reports of the Tariff Board, 1924, pp.8-9, 1925, p.12, 1926, pp.8 and 13-4, 1927, p.21, 1928, p.16, 1930, p.17.

nineties onward was the attempt first to restore, then to maintain the high level of wages of the pre-1890s period. The whole debate and controversy on protection was rooted in the complex problem of how to ensure gainful employment for the work force at a level of wages accepted by large and influential sectors of society as the only tolerable minimum.

The Bulletin had no doubts of how this could be managed; '...the establishment of a reasonable minimum wage...is possible only under a protective policy'.¹ Concerned primarily with the proscription of overseas competition, manufacturing employers undertook to meet society's wage standard if conceded a free hand in the local (Australian) Market: concerned with problems of raising wage standards, especially those of the unskilled, and mistrusting employers intentions, the labour movement tried to manipulate governmental authority to ensure employers redeemed their pledges. And only the decision of one high court judge² who decided to interpret the Constitution federally rather than nationally prevented the adoption of a measure from being placed on the Statute Book, which might have given the Commonwealth Government a powerful device for intervening directly into wage determination.

1

3 February 1900.

2

Griffith, Barton and O'Connor tended to interpret the Constitution 'Federally' and Isaacs and Higgins 'Nationally'. See R. O'Dea, Industrial Relations in Australia, Sydney 1965, p.6, also M. Perlman, Judges in Industry, Melbourne 1954, p.11: Groom, op. cit., p.70.

CHAPTER 4

EMPLOYERS, PROTECTION, AND WAGE DETERMINATION

The early provision and development of compulsory conciliation and arbitration in Australia resulted from a complex of economic, social and political forces. Prominent among these was the desire of employers for protection for their industries. Faced with the choice of either acceding to labour demands for social welfare legislation, most important of which were quasi-legislative wage determining tribunals, or possibly forfeiting high protection, employers accepted the former as the lesser of two evils.

During the campaigns to persuade other social groups to raise the tariff, employers publicly stated their belief in fair and reasonable wages, and at least publicly espoused the cause of a Living Wage for all. Employers' concurrence in a needs-based minimum wage and their part in furnishing the institutions wherein this was secured is the topic of this chapter.

To discuss potential resistances to implementing a national minimum wage it is useful to separate the principle from the means of its practical application. Observation of prevailing conditions; agitation of those most closely concerned; the intervention, altruistically or otherwise, of other individuals and

organisations;¹ the use of all media of public information - these plus the efforts of arbitrators to apply principles to industrial disputes contributed to the growth of the Living Wage doctrine. Apart from the last named influence all took place in the sphere of social discussion and were not directly the concern of legislative measures.

In contrast, the means of translating the concept into social reality were - in Australia - provided by either colonial/State or Commonwealth legislatures. A pre-requisite of governments being so persuaded was that the balance of power of 'interest' or 'pressure' groups should shift in favour of such measures. From this it will be apparent that the view taken here is that government acts, administrative and legislative, in general, result from the inter-action of various competing (or co-operating) socio-economic pressure groups, each seeking to manipulate the machinery of the state in its own interests. Primarily, the clash of these groups (if they do clash), their relative strength at any particular time, and the character of the measure in question determine the shape and content of government policy. One possible corollary of a sharp conflict of interests is a compromise agreement, accommodating some, though not all, of the interests of those groups most closely involved. Thus when pressures are evenly balanced, and some understanding

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E.g. Australian Nationalist Association, Anti-sweating League, Protectionists' Association.

can be arranged, governmental measure may reflect the substance of such an understanding.

This is not to contend that government as a continuing social-regulating institution is a mere passive agent in social conflict and interest-reconciliation. That it merely gives its stamp of approval on any agreement made by political pressure groups. It is reasonable to suppose that in a complex industrial society, whatever their ideological leanings and with whatever socio-economic groups they may be most closely identified, governments must take an active and independent role in fashioning some legislation. A general description of this role may be to act to moderate extremes of policy which could create serious social friction to the point of endangering the fabric of society. Even so, major policy decisions of governments are mostly the outcome of inter-action and interest-reconciliation provided such compromises are not in consonance with the wider public good. It follows that to appreciate governmental provision of wages boards and arbitration courts and in turn to understand the Harvester Judgment it is unrealistic to pay attention only to labour's attitudes and policy objectives. The other major group vitally concerned with wages and working conditions was the employers. For just as labour was compelled to adapt policy objectives and tactics to meet changed circumstances, so employers responded to change by reformulating policies and exerting pressure on governments for their implementation.

The Employers

Two points must be made before observing and discussing employers' policies. First, that the immense difficulties of getting to know anything whatever about how employers operated or what their policies may have been, reduces any enquiry into this subject mostly to reasoned guesses. The second is a definitional problem: who were the employers? Were they sufficiently interest-homogeneous to warrant being all included in the generic term 'the employers'?

There is the most striking contrast between collecting source material to trace labour policy and attempting the same for employers. Whereas most unions are not unwilling to allow access to their records, trade union and Labour Party conference reports are available to the public, and labour newspapers give a day-by-day expression of unionists views on a wide range of social, economic and political topics, similar information of employers' policies is mostly unobtainable. For instance, on being asked for even their annual reports, one employers' association refused stating: by the very nature of their organisation, their records were highly confidential and could not be made available to researchers. Other scholars interested in labour history¹ have solicited employer organisations for material without success.

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Bede Nairn, John Nyland, Bruce Shields, Archivist, Australian National University.

To the writer's knowledge there is no published work on the history of Australian employers. In the historical introduction to a recent article entitled 'Employers Association in New South Wales'¹ only one organisation is mentioned (The Metal Trades Employers' Association) and that only briefly. The bibliography makes no reference whatever to any study on this general topic.

From this it seems that at least the first part of the Worker's comment on the N.S.W. Employers' Federation, '...no other organisation...works so quietly, so systematically, and so class consciously as the Employers Federation'² has reasonable foundation.

Nonetheless, employers were so important in legislating for and operating industrial tribunals that despite the paucity of reliable information, what fragmentary material is available must be used. The following discussion of employers' policies and employer-employee relationships is based on brief press reports of employer conferences, individual employer's responses to questioning before Royal Commissions and arbitration court hearings, editorial comment of the Argus and Sydney Morning Herald, and the only collections of annual Conference Reports available for

1

John Nyland. Journal of Industrial Relations, Vol. 6, No. 2, July 1964, p.165.

2

8 September 1921. For employers' justification for this policy see Employers' Federation of N.S.W. Annual Report, 1908, p.4.

public scrutiny - the Pastoralists¹ and the Builders and Contractors,² and the N.S.W. Employers Federation. Unavoidably, however, most of this chapter is speculative, conclusions, where drawn, being inferred from observed happenings, unions' protests of employers' actions, and by noting seeming coincidences which were thought in fact to have a more positive causation.

Identifying and placing different sets of employers in an interest-spectrum is equally problematical. This issues chiefly from the question outlines above. It is reasonable, perhaps, to suggest that by definition most employers had broadly similar attitudes on the relationships between themselves and hired labour. Conceivably there remained corners of industrial activity in which lingered the gild philosophy of industrial, economic, and social progress binding master and man together. But in general, whatever the calling, wage labour was a factor of production, purchased in accordance with the code of business morality of a free enterprise, capitalist society. Wages were first a cost of production and

1

Australian Pastoralists' Association, in the Australasian Pastoralist Review, 1891-1901 and Pastoralists' Review thereafter.

2

Federated Builders and Contractors Assoc. of Australasia.

and only secondarily the economic means for supporting the recipients in any particular material standard of living. Employers as a group might have been expected to question any institutional arrangement which placed themselves at a disadvantage, or reduced their strength in wage determining processes.

While broad uniformity of outlook on this broad question was probable, such an accord may not have applied to other important questions. The most obvious is tariff protection. Employers in sheltered industries such as construction and services might be only marginally concerned about comparative international prices and marketing problems. If protection meant higher prices for capital equipment etc., they could well be unsympathetic to measures giving Australian manufacturers a captive home market. The same was true for the pastoral, agricultural, and extractive industries. In 1892 the pastoralists, for example held

Instead of increased duties to protect industry, we should have a gradually diminishing tariff scale. In this way artificially nurtured industries would be swept away and the people would be compelled to leave the cities and resort to the one inexhaustible storehouse of national wealth - the soil.¹

The same organisation, in 1905, attacked H.V. McKay as the architect of schemes to again raise tariffs, and

¹

Pastoralists' Review, 1892, p.859.

regretted that further increases in tariffs would raise the price of harvesters.¹

However, some primary producers had a vital interest in government subsidies and this may have been a useful bargaining ploy for manufacturers when soliciting support for high protection. Even so, the fear of their overseas customers taking retaliatory protective action perhaps shutting out Australia's primary products, may have been considered very seriously.

At the centre of the agitation for tariff protection were, of course, the manufacturers, particularly those in Victoria for whom protection was seen to be nothing less than the means of survival. It can confidently be supposed that it was the manufacturers supported by politicians convinced of the indispensability of a large and increasing secondary sector who led the agitation for high protection, and in the process were compelled to come to terms with the other main interest group having similar views - the trade unions.

Besides differences arising from fiscal policy, a variance in attitudes was also probable in the provision of and operating industrial tribunals. J.F. Cairns believed that 'the Chamber of Commerce was

¹

Ibid., Vol. 15, p.685, see also Vol. 17, p.603.

not unanimously hostile to legislation for regulating factory conditions'.¹ This divided opinion may have been caused by the more obscurantist employers' refusal to budge from the traditional standpoint of unqualified opposition to state intervention, clashing with either those prepared to do a deal on protection or the large manufacturers who were increasingly harassed by the 'sweaters'. In effect those who were subjected to undercutting and those who were not.

Even if the larger and longer established employers are given no credit for humanitarian motives, their policy of seeking to rid themselves of the undercutters was reasonable, given their concern for market stability and customary profit margins. Thus the Common Rule device for making legal minima uniform throughout the State may have been as popular with 'reputable employers' as with the unions.² It is

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Cairns, op. cit., p.85.

2

Victorian Royal Commission 1902-3, pp.263, 315, 362, 378, 438, 645-6. N.S.W. Arb. Court. Saddle and Harness Makers' Trade Society Case (March 1903) Transcript, opening unnumbered page, union log and response, item 20; N.S.W. Broom Workers Union Case (November 1903) Transcript, p.2, employers concur to the Common Rule; United Furniture Trade Society Case (1904-5) Transcript, p.6; Sawmill and Timberyard Employees Case (1905) Transcript, p.561; Stove and Piano Frame Moulders & Stovemakers Employees Case (1907) Transcript, p.302; for employers general approval of the Common Rule see Third Annual Inter-State Conference of Delegates from the Employers' Federation and other Employers Bodies, Brisbane, May 1906, pp.17-18.

likely that the need to eliminate 'sweaters' may have been one of the contributory factors of the original legislation. Reflecting on earlier years, Watson spoke of 'decent employers being forced to cut wages and extend hours through the competition of less scrupulous rivals...' and instanced '...employers willing to support and help finance campaigns for industrial legislation to control sweating employers'.¹

Introducing amendments to the Factories and Shops Act, the Victorian Premier alleged '...the great bulk of manufacturing employers are in favour of the Act';² this as a means of controlling the 'unscrupulous employers'. In 1901, Brisbane boot manufacturers supported '...a legal minimum wage so that they may be protected from the competition of ruthless sweaters'³ and in Victoria a Factories Inspector observed 'I know that many manufacturers highly approve of the Act...and that if similar legislation was uniform throughout the Commonwealth, and all working under the same industrial conditions, general satisfaction would result'.⁴ Supporting this expressed partiality for the Act, a N.S.W. Royal Commission reported that Victorian

¹ Comm. Parl. Deb., 1903, Vol. XV, p.3207.

² Victorian Parl. Deb., 1901, Vol. 97, p.723.

³ Q.W., 31 August 1901.

⁴ Annual Report of the Chief Inspector of Shops and Factories, for 1901, p.8.

employers in the cigar trade, carriage making, confectionary, cooperage, engraving, millet brooms, plate glass, printing, saddlery, stone cutting, tannery and tin plate all requested wages boards in their industries.¹ Significantly, of these only carriage making was not so regulated by 1902.

The printing industry case is the best documented: 'The initiative for the setting up of a Wages Board... came not from the men but from the masters'.² In 1900, '...masters and men made joint petition for the extension of the Wages Board system to the printing trade. Their petition was successful....'³ The terms of this original petition illustrate the mutuality of interests recognised by some employers and their employees:

The reasons urged by the employers and employees for desiring a Board are,

- 1) The unjust handicap fair minded employers labour under owing to an undue proportion of boys not apprenticed being employed in many of the printing houses in the city and suburbs,

¹ Report of the R/C of Inquiry into the Working of Compulsory Conciliation and Arbitration Laws, pp.29-30, published in N.S.W. Votes & Proceedings, 1901, Vol. 6.

² Hagan, op. cit., p.183.

³ Ibid.

- 2) the rates offered and paid by many of the printing houses in the city and suburbs to journeymen printers being very much less than that mutually agreed to by the above mentioned bodies as a fair minimum wage in the trade,
- 3) the impossibility under present conditions of overcoming 'sweating' by unfair masters and of 'ratting' by unfortunate workmen,
- 4) the possibility if the hoped for relief be not obtained in the manner now sought of an all round reduction in wages in the printing trade.¹

This uncomfortable choice of opting for one 'evil' to eliminate another was not merely an immediate aftermath of the depression. In 1907, South Australian bookbinding employers took a similar line: 'The majority...favoured wages boards for they recognise that their establishment would do away with cut throat competition'.² Nor was it limited to manufacturing:

...many of the most prominent employers in the carrying trade were heartily in sympathy with the effort of the members [Federated Carters and Drivers' Union] to obtain such industrial legislation [to eliminate] unfair competition from small tradesmen practising vicious carting and carrying rates.³

¹ Original memorandum of Chief Inspector of Factories dated 30 July 1900.

² Worker, 11 April 1907.

³ Age, 2 July 1906; for other examples see Argus, 23 August 1906 (flour milling), and 1 October 1906 (traders and grocers).

In some industries, however, employers opposed wages boards and were apparently strong enough to command enough support in the Legislative Council to prevent or delay the establishment of legal determination of wages. During the years 1900-1902, unions in industries and trades such as bone dust,¹ glue and fat,² coachmaking,³ agricultural implement making,⁴ engine driving,⁵ gardeners and nurserymen,⁶ builders' labourers,⁷ soap and candle,⁸ and leather trade,⁹ agitated for wages boards, but were not successful until later in the decade and even after.¹⁰

1
T.H.C., 9 August 1901.

2
Ibid.

3
Ibid., 11 October 1901.

4
Ibid., 14 November 1901.

5
Ibid.

6
Ibid., 23 June 1901.

7
Ibid., 8 August 1902.

8
Ibid., 16 November 1900.

9
Comm. Court. Federated Tanners and Leather Dressers Employees Union Case (1914) Transcript, pp.6-7.

10
Of the 46 unions who, in 1902, were reported to be 'desirous of obtaining the advantages of the wages board clause' (Victorian Royal Comm. 1902-3, p.625) less than half had been successful by the time of Harvester.

Possibly there is an analogy to be drawn between the actions of the two main parties in industrial relations. At the individual industry level, both acted in their own particularistic and immediate interests even though this may have run counter to policies adopted and supported in the sphere of collective representation.¹

There probably was then cause for considerable differences of opinion between different employer groups.² For the most part, however, differences do not appear to have developed to the point where the public was made aware of their nature and extent. At all events, employers chose not to wash their dirty linen in public.

Whilst bearing in mind the forces making for tension and dissent among groups having different interests, the term 'employer' used in this chapter refers to the generality of hirers of labour, unless otherwise stated.

In the latter half of the 1890s and in the 1900s, employers pursuing an economically rational policy of

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For unions' dualistic policy see supra, pp.226-30.

2

For 'conflicts and suspicions' among various employer organisations, see T. Matthews, 'Pressure Groups in Australia', in Australian Politics: A Reader, edit. H. Mayer, Melbourne 1966, p.194.

paying the level of wages conditioned by existing economic and institutional determinants attracted much opprobrium from labour and from other social groups. Invariably, wages currently paid for unskilled work was singled out for special comment. Employers were continually and harshly criticised for failing to observe the social and ethical obligation to pay adult male workers a Living Wage. Yet, they retorted, relatively cheap labour was an indispensable element in determining the level of industrial activity in wide areas of non-sheltered industry, e.g. manufacturing (to keep prices competitive with imports) and primary industries (to match prices of rival exporters). Equally relevant was the contention that given comparative import and export product prices, the unskilled labour displaced from construction might be re-absorbed into productive work in the expanding sectors (manufacturing and agriculture), only if prepared to take wage rewards considerably lower than the pre-nineties' high standard. This became even more acute when after the turn of the century job opportunities in mining declined dramatically.

Notwithstanding what might have been economic and wage reality, employers were constantly caught between two imperatives: the one economic, i.e. to absorb surplus labour which, if their arguments were valid, might be done only by keeping wages relatively low; the other social, i.e. the rising demand that every adult Australian male should get a minimum wage giving a

living standard equal to that of the 1890s.¹ In effect the social pressures on private employers to restore the vaunted Australian minimum standard of living ran counter to the fundamental changes in the labour market; the altered needs for different types of labour relative to the composition of the existing work force. They also exacerbated problems of increasing costs for industries where products were internationally traded or were subjected to competition from imports. On the credit side pressures for the Australian Living Wage immensely strengthened the hand of employer groups anxious to raise tariff protection.

It is with these factors in mind that employers attitudes and policies should be discussed.

Employers Industrial Strength

The growth of trade unionism before 1890 was associated with a possibly slower and certainly less publicised growth of employers' organisations. Mostly employers drew together in response to the spread of unionism, e.g.

...the Boot Manufacturers Association...was formed to resist the advances of the Bootmakers Union...and from this...grew the Victorian Employers' Union, a combination of capitalists from all branches of commerce, manufacturing, and general industries.²

1

E.g. Bulletin, 5 July 1902.

2

B. Fitzpatrick, The British Empire..., p.300 fn., for similar response by coal owners see pp.286-9.

However, the initial impulse for employer combination may have been as much for making trade agreements among themselves and bringing collective pressure on governments as to directly counter balance the industrial power of the unions; thus,

The Victorian Chamber of Manufacturers (dating from 1874) was...formed with the object of influencing tariff policy and factory legislation as well as the eight-hours day legislation.¹

According to H.M. Murphy, before the 1890s employers combinations 'lack[ed] a core, arising principally from the foreign and conflicting elements by which they were surrounded'.² But, 'during the great strikes...shipowners', mineowners', and station owners' associations, all working through and practically identified with an inter-colonial Employers Union, smote the federated and combined unions hip and thigh'.³ Childe suggests the 1890 trial of strength and the subsequent depression 'accelerated the process' of employer combination⁴ and Cairns adds 'By the end of the nineteenth century Employers' Organisations (pastoralists, merchants, banks and shipping interests,

1

Victorian Year Book 1964, pp.474-6.

2

Fitzpatrick, The British Empire..., footnote p.300.

3

Ibid.

4

V.G. Childe, op. cit., 1st edition, p.xxvii, see also Coghlan, op. cit., Vol. IV, p.2104.

mineowners, manufacturers and farmers) were well established'.¹

These scattered and mostly undocumented generalisations give the distinct impression of employers' collective and organisational strength increasing as the unions' declined. Yet this may not have been so in all branches of industry. Certainly the pastoralists and shipping companies came through the depression intact and perhaps strengthened.² The same applies to the builders and contractors notwithstanding construction, private and public, being perhaps the sector most severely affected by adverse economic conditions. But some may have fared less well. In the mining industry for instance the coal Vend collapsed in 1893³ as individual owners foresook co-operation and price fixing for competition and price wars. Owner amity was not finally restored until 1907.⁴

Of other industries there are only scraps of evidence to give a lead to experience. Most of the

¹ Cairns, op. cit., p.87.

² Yet even the Pastoralists' Association had difficulty in retaining its members in the worst years. See Pastoralists' Review, Vol. 4, pp.257, 531.

³ Coghlan, op. cit., Vol. IV, p.2036.

⁴ R. Gollan, The Coal Miners of New South Wales - A History of the Union 1860-1960, Melbourne 1963, p.116.

Master Printers associations 'languished' during the depression¹ and price competition was one of the prime problems the unions and employers had to solve before pre-depression of wages could be fully restored.² From innumerable complaints of 'cut throat' competition in different industries, experience in printing may well have been widespread.

In the nineties, employers were probably subjected to both centrifugal and centripetal forces. Survival in the worst years might have depended on co-operation and sharing reduced business. Conversely, individual entrepreneurs may have tried to eliminate their weaker associates. Or possibly the increase in 'sweating' caused first a weakening and then disintegration of business associations. In such an economic environment, limited markets meant reduced opportunities to remain solvent, and survival was the prize of the strongest as tested by the ordeal of price cutting.

However, just as the high wage standard before 1890 was related more to the pattern of investment and high labour productivity than to unionism, so in the nineties, buyers of labour drew their deepest strength not from organisational sources but from conditions in the labour market. Whilst anything from one in ten to one in four men, craftsmen and labourers alike, were

¹ Hagan, *op. cit.*, p.235.

² *Ibid.*, pp.235-7.

out of work, employers' collective power was of secondary importance. The survival or disappearance of their organisations made small difference to power relativities between themselves and the employed.

In the years 1902-6 rising unemployment, though important, did not permit quite the same advantage - or rather, the advantage was less easily taken. Collective power clearly became more necessary to counter-balance the degree of strength built up by some reformed unions in 1900-1901, and partly sustained thereafter; but except for negotiating with the craft and a few mass unskilled unions (after 1906) this was not of great moment. Far more important was the need to present a collective front at wages board meetings and arbitration court proceedings.¹ (A corollary of this was to raise funds to finance appeals to State and Commonwealth appellate courts aimed at reducing the efficiency of industrial tribunals). On being re-formed from 1901 onwards, Master Printers associations functioned almost solely as wages board and arbitration court agents leaving price fixing and other trade regulatory practices in abeyance until 1907-8.

But to generalise on the basis of this single example would be wrong. Indeed, general experience may have been quite different. A contemporary view was that employers were concerned more with organising for

¹
Victorian Yearbook, 1964, pp.474-6.

purposes other than for concerting action in labour matters, e.g. price fixing and price controlling as in building, shipping, tobacco, coal, timber, sugar refining, jam making and the wholesale meat industry.¹

Considering the growth of monopoly and price fixing in these years this may well have been the case.²

We may tentatively conclude that political federation, the removal of internal trade barriers, and the growth of legal wage determination presented employers with a series of problems requiring joint action. In dealing with these problems, employers probably adapted themselves to changes in either labour or business conditions as they arose, and instituted the form of organisation necessary for particular purposes.

Referring to employers' strength, concern as yet has been solely with their power relative to labour. Undoubtedly operating in a buyer's labour market permitted considerable economies in wage costs, but for most of the 1890s this may not have always raised profits.³ Given a degree of inflexibility in the

1

'Industrial History of N.S.W.' in Official Year Book of New South Wales, 1920, p.593.

2

H.L. Wilkinson, History of the Trust Movement, Melbourne 1914; and Hume, op. cit.

3

See graph IV.

downward adjustment of wages even in such bad times, wage earners' incomes of those in work probably fell proportionately less than those of some important groups of non-wage earners such as the pastoralists and those associated with the construction industries.

If the G.D.P. per head of population figures and those of average weekly wages in Victorian manufacturing¹ are even a rough guide of relative experience, the long pull back to restore the 1890 level of national income per head of population continued until 1906-7 thus re-allocating shares of national income back to the pre-depression level. Referring again to the shares of distributable income in manufacturing² from 1899 to 1908 profits in N.S.W. manufacturing sector may have been higher than in the previous eight years.³ However, even if these statistics are at all reliable for N.S.W. conditions, this conclusion should not be generalised to include Victoria. The pre-Federation tariff in Victoria was mostly higher than the 1902 Commonwealth tariff whereas the position was reversed in N.S.W. Furthermore, given

1
Graph XVIII.

2
Graph IV.

3
This still tells us nothing about the absolute level of profits or even the share of value added going to finance investment, depreciation profits etc. as compared with pre-depression times.

higher protection for Victorian manufacturing the removal of internal trade barriers may have given N.S.W. producers the advantage and subjected the Victorians to sharper price competition for some goods traded inter-State. If then reduced protection acted to cut profit margins for some Victorian manufacturers and the converse applied in N.S.W. the pattern of profitability in the two states might have been very different. Victorian manufacturers may have had to cope with production and cost difficulties of greater magnitude than obtained in N.S.W. and this might explain why, when in 1904 the

Chambers of manufacturers instructed each chamber to examine harmful effects of the tariff in its State with a view to presenting their united deductions to the Commonwealth Parliament there was 'no unity of action' the N.S.W. Chamber refused completely to re-open the tariff matter.¹

Employers, Government, and Tariff Protection

For parts of Australian industry internal factors alone may have posed serious problems, and stiffened resistance to raising the wages for unskilled labour. Yet probably greater difficulties - for manufacturers particularly - stemmed from conditions in the wider trading world. It was primarily these adverse

1

Ian Campbell, *op. cit.*, p.148; also T. Matthews, 'The Political Activities of Employers' Federation in Australia', Australian Political Studies Association, 1964 Conference, Canberra, pp.6-7.

conditions that prompted employers both to seek increased governmental support for their group interests and to concede, albeit reluctantly, some of labour's demands for social-welfare legislation.

The trend line marking labour's growing interest in government as a supplementary source of power is matched by that of non-labour interest groups. The manipulation of the state machinery by private enterprise entrepreneurs has a long history in Australia. A.G.L. Shaw writes of the railway and irrigation works built by the authorities '...these institutions were then required to grant favourable rates or operate at a loss in order to help private entrepreneurs develop the country'.¹ Having illustrated how the Victorian governments was induced to spend large sums of public money on mining equipment and to subsequently subsidize uneconomic coal production, Shaw continues:

The farmer always thought himself 'anti-socialist', but he believed in letting not his individualist right hand know what his socialist left hand was doing (or taking). By 1900 he had succeeded in getting the state to help him buy his land on the cheap, water it by irrigation, transport his crop at low rates, by building uneconomic railways, protect his market by tariff, provide him with cheap credit which he often refused to pay back, lend him money to help destroy pests like the rabbit and phylloxera, to help him improve his

1

A.G.L. Shaw, The Story of Australia, London 1954, p.206.

techniques by establishing agricultural colleges and research stations at the public expense; but of course he retained his liberty to attack 'experts' and decry 'new fangled notions' whenever these made any suggestions he disapproved of.¹

While manufacturers in N.S.W. may not have shared so bountifully in the state's largesse, in Victoria fiscal policy had been designed to shelter home producers for nearly half a century.

By Federation, however, Australia's growing manufacturing sector, some of which may have been founded on or given a boost by, relatively cheap labour of the depression, was subjected to increasingly severe price competition from abroad. As well as the traditional suppliers, Britain,² the highly efficient United States and German industries were seen to be incroaching on Australia's domestic market, whilst at least potentially, the nascent Japanese manufacturing industry was noted with some alarm.³

Allowing full measure to manufacturers' wont to conspire to avoid excesses of price competition among themselves and to collectively clamour for fiscal

1

Ibid., pp.206-7. For a comprehensive study of employers' success in manipulating the state in their own interest see S.M. Ingham, 'Some Aspects of Victorian Liberalism', M.A. Thesis, University of Melbourne, 1950, especially pp.46-65.

2

Butlin, Colonial Socialism, op. cit., p.32.

3

See Royal Comm. on the Tariff 1905-6 for many references to this 'threat'.

measures to cosset native industries against 'unfair' overseas competition, the claims of Australian manufacturers at this time seem to have had considerable substance.

Accepting that a more diversified economy featuring a large and growing manufacturing sector was politically and socially desirable, manufacturers were undoubtedly handicapped by market size and technological problems. Most likely Australian industrial technology was inferior to other industrial countries, not only because elsewhere entrepreneurs were able to take earlier advantage of new inventions, and were in closer contact with other dynamic industrial economies, but because the longer runs caused machinery to wear more quickly, and more frequent re-equipment would give them the opportunity to exploit the latest 'best practices'. Moreover, the structure of the domestic market was still, in the 1900s, not shaped to encourage production for relying on the local market. Though federation achieved a single political entity, economic integration was necessarily a slower process. While inter-State trade probably increased, for some years most manufacturers would still have been able to rely only on the State market - some industrial plants were still duplicated as many times as there were States.

Returns to scale then must have been severely limited - certainly if compared with Britain and more so the United States. This was a disadvantage

Australian entrepreneurs were well aware of. But perhaps even more important was the under-utilisation of existing capital equipment and the diseconomies which resulted. Spare capacity was the single most voiced cause of complaint by manufacturers, particularly as stated to the Royal Commission on the Tariff. As one they instanced how factories could not maintain production and therefore employment for the whole year.¹ The noisiest remonstrator and leader of the tariff revision was the agricultural implement maker McKay. In submissions to the Commissioners he complained that his plant could be fully operative for no more than a few months of the year. It was then closed until the next season's orders were received.² Typical of employers' responses to questions about sharing the benefits of protection was a metal trades employer who undertook to give his men 'work for six days a week instead of four....'³

Australian employers were fully conscious of the cost economies to be gained from long runs and the more intensive use of capital equipment - and these points were made in support of their claims for a captive home market by almost every employer witness.⁴

1

E.g. *ibid.*, pp.1429, 1470, 1499, 1539, 1617, 1743, 2081.

2

Ibid., p.128.

3

Ibid., p.2130.

4

E.g. *ibid.*, pp.88, 128, 1683.

For many manufacturing entrepreneurs then protection was seen as a sine qua non for survival - or at least that part of industry subject to competition of imports from countries having a clear comparative advantage in international trade. The Victorians had long since persuaded their governments to reserve a large proportion of the home market for colonial producers. And although Victorian labour was all but unanimous in supporting the employers, some concessions of social welfare legislation had been exacted as the price of co-operation. Hence the early Factories and Shops Acts, and the wages boards of 1896.¹

In New South Wales, manufacturing was of lesser importance, was concerned with lines of goods less in need of protection. Moreover, the governments were not so dependent on tariff revenue, nor on manufacturing to provide employment.² Yet as might be expected, manufacturers pressed for tariff protection³ but unlike those in Victoria they did not represent so large a section of the economy; did not provide job opportunities for the same proportion of the work force; and did not enjoy quite the same accord with a labour movement sharing their views on fiscal policy.

1

Cairns, op. cit., pp.232-4.

2

Gollan, Radical and Working Class..., op. cit., p.85; Overacker, op. cit., p.35.

3

Australian Economic Problems - The Tariff, V.S. Clark in Quarterly Journal of Economics, 22, 1907-8, pp.579-80.

From the 1890s this was changing and changing rapidly. Emerging from the depression, New South Wales was the 'growth' State in Eastern Australia, and in the process, manufacturing was extremely important. But for political federation and the gradual development of an integrated national economy, the conversion from free trade to protection may have been retarded. The spread of or contact between employer and employee organisation on a national basis, and the overall increase in importance of manufacturing acted to swing the balance of interest to move Free Trade N.S.W. more into line with Protectionist Victoria. By 1906, so far as can be judged by employer responses to the Royal Commission, there was little division in opinion between the two major States. And their virtual unanimity on the need for trade protection led Australian manufacturing employers to take rather similar attitudes to the principles and methods of determining wages.

The Tariff and Industrial Tribunals

Employer evidence given to the 1905-6 Royal Commission illustrates most clearly their attempts to find an answer to the dilemma posed earlier; that is, of absorbing surplus labour in different and less labour efficient industries, yet be expected or compelled to pay a Living Wage based on the 1890s standard.

Given the option, employers would have wished for a sequence of events wherein first the home consumer market was guaranteed, and only then to meet this pre-determined wage standard. Things did not work out in this neat way. Because of the divergence of opinion on fiscal policy among those elected to the Commonwealth Parliament, and possibly the lag before New South Wales labour and employers were committed to protection, the 1902 tariff was essentially a compromise measure and clearly was unsatisfactory to many manufacturers. Furthermore, until New South Wales employers and labour shifted more firmly to protection the first Commonwealth tariff could not be revised. It was only when, possibly, Victorian employers had persuaded their New South Wales counterparts of the need to gain shelter from overseas competitors, and labour was more convinced they could exact a full share of increased protection, that a substantial tariff revision became politically feasible. The decline of business activity 1902-5 may have been the factor that brought both New South Wales employers and labour into line with the Victorians. Meanwhile, Victorian wages boards and the New South Wales Arbitration Court were slowly raising some wages, though not to the extent most manufacturers contended. Their plea was then that the socially-ideal Living Wage and the hierarchy of margins built thereon were being imposed without employers being granted the economic wherewithal to meet this high wage standard. From cajoling Parliament to raise the tariff so that they may then raise wages to the required level,

employers demanded more protection to meet the raised wage level said to already exist.

The employers' statement of principle was made most categorically by the Manager of Mort's Dock:

We have to consider the fact of labour legislation, both State and Federal, which has had a very material effect on raising the cost of production in most industries. In this State (N.S.W.) the wages to be paid to the employees are virtually fixed by law, and we, as employers, have no objection to pay for the work that is done for us at prices that will permit of the employees so engaged maintaining themselves and their family comfortably and respectably so long as we are given that protection which will let us compete with the cheaper conditions abroad.¹

There was then a close inter-connection between employers' concern for tariff protection and the application of re-application of the Australian minimum living standard. Employers seem to have been united in proclaiming that without high protection, a national minimum wage standard was not a practical proposition. Should society attempt to impose the one without providing for the other, mass unemployment would ensue, thus:

The contention of the whole of the engineering and foundry works north of Brisbane is, that the tariff must either be raised, wages lowered, or the engineering industry perish.... It is absolutely impossible for the colonial

¹ Royal Comm. on the Tariff, 1905-6, p.2221. For other examples see pp. 2193, 2401, 2435, 2515, 2520, 2522.

engineering firms to exist and maintain the 10s. a day wage as witness the...closing of numerous engineering works in all parts of Australia.¹

With notable and in the circumstances, imprudent exceptions,² employer witnesses before the Royal Commission acquiesced readily in the general concept and the practice of certain types of legal wage determining industrial tribunals. This step was a relatively novel one when compared with employer attitudes elsewhere in industrial societies. We must, therefore, sketch in the background of events leading to employers' conversion to this attitude. For, importantly, this conversion led them along the way towards the acceptance of a national minimum (Living) wage.

Labour's distrust of compulsory conciliation and arbitration before 1890 was shared by employers. Both parties seem to have preferred opportunism; to take the advantage when economic conditions were favourable, and press for arbitration when the reverse applied. Thus, when asked, 'Would you prefer to submit to arbitration or fight it out?' a mineowner replied, 'That would depend on the position I was in'.³ This may explain

1

Ibid., p.2213, see also Age, 24 May 1906.

2

Ibid., pp.1819, 2130, 2448-9.

3

Royal Comm. on Strikes, Q502, for unionists adopting similar attitudes see Nairn, op. cit., p.115.

why, during the depression of 1886, mineowners refused to accept both conciliation and arbitration to settle industrial disputes.¹

Whilst voluntary third party dispute settlement might on occasion have been acceptable - as an alternative to outright defeat or as a face saver - the intervention of the state to control and coerce was very different. Questioned by Royal Commissioners (1890), employers from all major sectors of industry unanimously discountenanced compulsory conciliation and arbitration. But, whereas trades unionists expressed fears of state instrumentalities being biased in favour of employers and were therefore unacceptable,² employers believed compulsion would be one-sided, i.e., arbitrators invariably 'split the difference' between the employers' highest offer and the unions' lowest claim, and 'the unions were always the winner'.³ It was also one-sided because, although the state could effectively enforce awards against employers, disciplining the unions was infinitely more difficult.⁴ As the pastoralists believed, 'when the unionists cry out for compulsory arbitration they simply want all the

¹ Royal Comm. on Strikes, QQ134, 143.

² Supra, pp.244-5, see also Nairn, op. cit., p.266.

³ Royal Comm. on Strikes, Q488.

⁴ Coghlan, op. cit., IV, p.2104, Pastoralists' Review 1892, p.771.

compulsion against the other side and all the arbitration in their own favour'.¹

If the upheavals of the early 1890s and altered economic and political conditions removed labour's doubts about the beneficial aspects of compulsory arbitration, the effect on employers was to reinforce their rejection of any form of third party intervention in industrial affairs - voluntary or compulsory.

Fortified by the experience gained in 1890 the employers as a body ceased to set any value on that mode of settling disputes, and it was natural for them, convinced of their ability to defeat labour on any field, to consider that an appeal to law would be a hindrance to complete victory.²

In 1902 the Pastoralists' Association declined an invitation to be addressed on the N.S.W. Conciliation and Arbitration Act, a matter on which 'their minds had been made up by practical experience beyond the possibility of alteration'.³

Employers' opposition to compulsory arbitration was then the product of various forces prominent in which was their overwhelming industrial strength; a conviction that awards could not be enforced against the unions; a deeply rooted conviction that the state

¹
Pastoralists' Review, Vol. 2, 1892, p.897, Vol. 3, 1893, p.54.

²
Coghlan, op. cit., Vol. IV, p.2104 also Nairn, op. cit., p.265.

³
Pastoralists' Review, 1892, p.957.

ought not be concerned in industrial affairs and that any misguided intervention to raise wages above the level dictated by the 'immutable', 'self-acting', 'economic' laws of supply and demand would be disastrous. From the extremely scrappy material available there appears to have been little if any modification of employers' views; their resolute rejection of anything other than individual or free collective bargaining continued well into the second decade of the new century.¹

The history of employers' ideas, attitudes and policies to state intervention in settling industrial disputes is one of reluctant adjustment to the pressure of events at different times. And it was always in a setting of nostalgia for happier times and a more 'natural' relationship of employer/employee harmony thought to have existed some time before the depression. The President of the Australian Employers' Federation expressed this desideratum as follows:

What we, as employers, have to do is to enlist the sympathies of the workmen in whose interests we are striving because our interests are identical...[and] to show the workmen that we are the bulwarks upon which they can rely on in all circumstances. When we do that the workmen will say that they are

1

Some Australian employers' opposition to compulsory arbitration may have been stiffened by protests from English investors. For petitions against such tribunals see, West Australian Votes and Proceedings, 6th Session, 1900, Vol. II, p.A31.

going to be true workmen serving only one set of masters, their employers.¹

The nineties were for employers the golden years:

After the great Maritime Strike of 1890... there occurred a gradual settling down, and employers and employee were getting closer in touch with each other - there was a kindlier feeling being engendered, which did not meet with the approval of the professional agitator...²

But the realities of social groupings and collective pressures in a modern industrial society dictated the presence of unions whose prime function was to 'agitate' and whose business became so complex that 'professionalism' of leadership was unavoidable.

Added to problems of contending with union claims, Australian employers were compelled also to adopt attitudes and adapt policies to the role of the state in industrial relations. Consistently, whatever the pressures, employers held to a set pattern of preferences. The ideal was complete freedom of action, where unions had not been heard of and the state was kept in its proper place - society's policeman and soldier (except of course when some modification of this first principle was necessary to further employers' own interests). Next best was the

1

Australian Employers Federation Conference Report 1905, p.20, see also S.M.H., 27 February 1906.

2

Aust. Emp. Fed. Conf. Report 1905, p.8.

collective bargaining arrangements practised in the U.K. and U.S.A.¹ If the state had to be brought in, the institutions provided ought to be limited strictly to voluntary conciliation, thus: '...we are anxious for conciliation, but will not accept compulsory arbitration'.² By 1906, voluntary arbitration was added. A resolution of an inter-State employers' conference accepted '...there should be a voluntary system of conciliation and arbitration as opposed to the methods of compulsory arbitration now in New South Wales, New Zealand and Western Australia.'³ The Employers' Federation Conference Report of the same year urged '...all affiliated bodies to take steps to advance the cause of voluntary conciliation....'⁴

If a degree of compulsion there had to be, employers' preference was always for wages boards on

1

Ibid., p.81; R.S. Walpole, 'The True Basis of the Living Wage' (pamphlet) undated pp.20-1: Argus, 18 May 1906.

2

Aust. Empl. Fed. Conf. Report, p.8.

3

S.M.H., 25 May 1906.

4

Third Annual Inter-State Conference of Delegates from Employers' Federations and other Employers' Bodies, Brisbane, 22 May 1906, see also Age, 15 May 1906, for report of a conference between the Sydney Labor Council and the Employers' Federation, the latter urging unionists to agree to the abolition of compulsory arbitration in favour of a system of wages boards.

the Victorian model.¹ The S.M.H. having blamed the N.S.W. Arbitration Court for increased union membership, multiplication of disputes, a 'wilderness of legislation', hostility between the two sides of industry, and the worsening of non-unionists position, called for its replacement by 'the Victorian system of wages boards'.² In 1909 the Builders and Contractors Conference Report recorded approval of compulsory conciliation³ and by 1911 'almost unanimous agreement' on the utility of wages boards.⁴ In 1912 the Master Builders sent a deputation to the Victorian government asking for a wages board for builders' labourers and 'not leave it to the [Commonwealth] arbitration court'.⁵

Employers' conversion, from cold hostility toward all forms of industrial tribunals to warm approval of wages boards, was the result of a series of events which they tried but succeeded only in part to influence. As a generalisation it can be held that

1

M.T. Rankin, *Arbitration and Conciliation in Australasia*, London 1916, p.36 quoting E. Aves, Report of the Wages Boards and Industrial Conciliation and Arbitration Acts of Australia and New Zealand to the British Home Office Cd. 4167 of 1908.

2

23 April 1906.

3

1909 Report.

4

1911 Report.

5

Worker, 6 June 1912.

most employers maintained their disapproval of regularised, state provided, wage setting tribunals, but when forced to compromise, preferred and worked to obtain the most innocuous system - the wages boards.

While the conflict in Victoria was to reduce the effectiveness of the wage board system or prevent its geographical and occupational spread, and in N.S.W. to destroy the Arbitration Court, these conflicts were overshadowed by employers' greatest abomination, the Commonwealth Court of Conciliation and Arbitration.

From the first moment a federal wage determining institution was intensely unpopular. The first C.C. & A. Bill 'gave rise' to an inter-State conference of Employers' Associations in Melbourne in November 1902,

...and it was later a factor immediately responsible for the creation of the Federal Council Chambers of Manufacturers at an interstate conference in Melbourne in August 1903. It also strengthened the hand of the Associated Chambers of Commerce which to date had been seriously divided on the tariff question.¹

The next year, assembled delegates at the Builders and Contractors' conference

...unanimously opposed [the] Commonwealth Act...it [being] imperative that the political weight and united efforts of all

¹ Campbell, op. cit., p.133; also Employers' Federation of New South Wales Annual Report, 1905, p.6; and Matthews, op. cit., pp.2-3.

employers be vigorously directed against the passing into law by the Federal Parliament of the proposed Bill.¹

Having heavily criticised the newly enacted measure as 'class legislation' the Australian Employers' Federation in 1905 agreed that 'employers on all grounds, therefore, must steadily resist the Act... they must refuse to register under the Act and await the course of events'.² Meanwhile, redress was to be sought '...through the High Court...[to] challenge the constitutionality of the Act...or through the ballot box....'³

Employer pessimism regarding the likelihood of destroying the Act through parliamentary means was well founded. Broadhead holds that employers opposing federal arbitration '...found few parliamentarians who were willing to represent their case...' there was prevalent a general belief that the Court would operate 'only rarely' and 'cognisance of the political inexpediency of opposing a measure which enjoyed such widespread support both inside and outside parliament'.⁴

1

Eighth Convention of the Federated Master Builders Association of Australia June 1904, Vol. 1, p.441.

2

Aust. Fed. Empl., op. cit., p.18.

3

Ibid.

4

Broadhead, op. cit., p.90.

In 1906 the Central Council of Employers of Australia protested to the Prime Minister 'about the amending legislation to deal with the blockage of work in the Arbitration Court¹ stating

It was strongly contended that the Court's work should be confined to bona fide inter-State undertakings such as shipping companies and acting on a suggestion made by the central council, no employers outside the inter-State shipping companies have registered as industrial unions. A fund has been established to protect the interests of all unregistered employers by testing the validity of the Act in the High Court, if any proceedings are instituted by registered organisations outside the inter-State shipping and similar circles.²

Miscalculating the shape of future events the Council speculated

It will be seen that it is in vain, and only a waste of time and money, for bodies of workmen in ordinary industries to register

1

Re appointment of two additional High Court Judges inter alia allowing the President of the Commonwealth Court to give more time to industrial disputes.

2

Age, 14 May 1906. True to this stated intention, the first major case brought before the Court, other than those concerned with shipping company employees, was challenged - partly successfully - in the High Court, see 10 CAR 1 Australian Boot Trade Employees' Federation v Whybrow and Others (1910). For High Court Appeal see 10 CLR 266.

under the Arbitration Act and to institute proceeding in the Commonwealth Arbitration Court.¹

Such was their hostility to the Court that in succeeding years, employer organisations maintained an almost total boycott of the Court. Until 1912 the shipping companies' association alone had registered, and even by 1921, only eight more employers' associations had followed suit, and these were all relatively unimportant bodies.²

Lacking reliable, non-propagandist information, it is not easy to understand the basis of employers' unremitting antipathy toward the Federal Court. Indeed, one of their most immediate concerns arising from political federation and the inception of inter-State free trade was to equalise wage costs in different geographical areas, and it might be supposed that for this a federal tribunal would have served admirably.³

1

Ibid. For similar view see Pastoralists' Review, Vol. 13, p.304.

2

Information collected from the Records of the Registrar of the Commonwealth Court. Contrast this policy with employers' prompt registration under the N.S.W. Industrial Arbitration Act of 1901, see N.S.W. Statistical Register 1904, Section 'Industrial Wages', Table 23: see also Employers' Federation of N.S.W. Annual Report, 1905, pp.2-4.

3

E.g. Pastoralists' Review, Vol. 10, p.400, and Worker report 21 January 1909 of Millers' Association urging the union to get a Federal award thereby making wages uniform throughout the Commonwealth. For other

(continued p.319)

Probably employers thought that whereas conservative Legislative Councils might be manipulated to modify or remove objectionable aspects of State measures,¹ no such assurance could be held regarding the democratically elected Upper House of the Commonwealth Parliament. Typically, the pugnacious Pastoralists' Review stated its view with refreshing frankness. Describing the bill as 'one of the most malignantly devised and mischief making measures it was possible to conceive'² it predicted the submission of 'practically all strikes in the Commonwealth to the Federal Court' and visualised overlapping and duplication, 'and labour unions taking cases to the court most favourable to their demands'.³

Possibly an important factor conditioning employers' attitudes was their adherence to the policy of maximising State rights. Thus:

These men who feared for their wealth and prosperity...wanted to retain for their colonial parliaments undiminished sovereignty in all matters closely touching their own enterprises, that no pressure

³ (continued from p.318)
evidence of some employers favouring Federal legislation see Victorian Royal Commission... 1902-3, pp.262, 311-3, 344, 362, 460, 474, 514, 623, 636, 645, 653.

¹
Campbell, op. cit., p.61, describing Legislative Councils as '...the Mecca of businessmen in every State'.

²
Vol. 13, p.146.

³
Ibid., p.381.

could be brought to bear on their operations by the national majority....Industrial powers (ultimately those other than conciliation and arbitration in inter-State disputes) were carefully reserved to the States.¹

The continuing prevalence and importance of this motive is confirmed by a resolution passed at a meeting of the Central Council of Employers of Australia in 1907, protesting against the

...encroachment of Federal Government on States' rights...Trade Marks Act (part VII) Arbitration and Excise Acts, new protection, powers of Judges of the Arbitration Court... and pressed members...to urge State premiers to guard States' rights...employers do not desire to have to serve two masters.²

For the unions, employers' antipathy toward federal arbitration yielded unexpected returns. As the Federal Court was at the extreme point of employers' preference spectrum, they were prepared to modify their attitudes to other systems of industrial tribunals comparatively less obnoxious. Anything was preferable to the Federal Court especially one presided over by a person of Higgins' known sympathies.³ In this very important respect the Court, even though its direct influence on wage determination in the first few years

1

L.F. Crisp, op. cit., p.13.

2

S.M.H., 21 October 1907; see also S.M.H., 12 November 1907 and Worker, 23 March 1914; also Employers' Federation of N.S.W. Annual Report 1909, p.5, 1910, p.5 and 1913, p.3.

3

Supra, pp.13-17.

was negligible, served to mellow employers' attitudes to State tribunals. Earlier hostility to wages boards was transformed to glowing praise and commendation. Thus 'After the Commonwealth Act became operative the employers exhibited extra-ordinary fervour in their advocacy of the Factories Act'.¹ Higgins' awards were seen as a '...slap in the face for the "States' frights". Hence the probability of an amending Factories and Shops Act being more favourably received than has been the case on previous occasions'.² Later it was reported that

...representatives of the employing class in the Assembly are hoping to defeat the referendum by showing that the state laws fulfil all requirements, and they are therefore prepared to accept what under other conditions, they would stubbornly fight against.³

It remains to consider or to speculate shortly on the question of, knowing employers' distaste for any

¹ Worker, 5 August 1909.

² Ibid., 15 July 1909.

³ Ibid., 13 October 1910. For further examples and comment see Worker, 29 August 1912; Comm. Court, Australian Tramway Employees' Association, and Prahran & Malvern Tramways Trust and Others (1912) Transcript of Proceedings, Vol. 1, p.67; Collier, op. cit., p.1955. For employers stated preference for wages boards see Employers' Federation of N.S.W. Annual Report 1908, p.5, 1913, pp.4-5.

form of government intervention in industrial affairs, and remembering that the Labour parties did not assume effective government power until the end of the 1900s (N.S.W. and the Commonwealth), how did the legislation get on and remain on State and Commonwealth Statute Books?

Part of the answer at least is to be found in certain powerful groups of employers' increasing need for tariff protection and the strong bargaining position held by labour. The mutuality of interests - protection in exchange for social-welfare legislation - dictated the character and substance of some government measures. While pastoralists, and business and commercial interests may have objected strongly to high protection and even more violently to compulsory industrial tribunals, some important manufacturing employers and the labour movement combined appear to have commanded sufficient electoral and parliamentary influence to shape this aspect of state policy.¹

Furthermore, as both parties were, with varying degrees at different times, effectively organised, neither one could secure its own policy objectives without the co-operation of the other. If necessary, labour could combine with Free Traders to thwart Protectionists' efforts to either renew or increase

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For Pastoralists' denunciation of 'this iniquitous and unholy alliance' see Pastoralists' Review, Vol. 17 (1907), p.603.

tariffs: labour alone was never powerful enough to persuade colonial or State parliaments to legislate for industrial tribunals against the other two major political parties.

It is clear that employers were rarely sympathetic to pleas for bolstering unions' bargaining power by enlisting state aid. Mostly, therefore, the process was one of tactics and opportunism. For instance, given the shifting character in power relationships, it was one thing for labour to dissuade employers or their political spokesmen (especially in the Legislative Councils), from vetoing wages board and arbitration court legislation, but quite another to withstand the violent attempts to undermine or destroy these institutions later, especially when the balance of power shifted, removing the basis of the original 'bargain'.

In this respect, employers were better placed. Tariffs were judged to have been of immediate benefit to both employers and employed, hence the dismantling or reduction of tariff protection once provided was almost inconceivable. Further, tariff legislation represented a once and for all measure (at least in the short run) and could not be destroyed or maimed by the High Court. This was not so for those measures desired by labour. Industrial tribunals were very much experimental techniques of industrial control. As well as the shortcomings that appeared, and needed to be corrected by further legislation, labour was always

keen to spread the coverage of tribunals, and this frequently required the co-operation of employer groups. Moreover, vital sections of the original Acts were likely to be challenged in appellate courts and the measures thus seriously weakened.

For employers then, attitudes could be more flexible. They could fashion very short term policies to the extent to which they relied on labour support for protection at any particular point in time. Forced to grant the initial measures for the legal regulation of wages, once tariffs were secured employers could safely revert to type and to go back on their part of the bargain. Hence as soon as the 1902 Federal tariff was safely on the Statute Book, parliamentary sanctions for new wages boards in Victoria reduced to a trickle in 1902-5 to rise again for the next two years when labour support was again needed to raise the tariff. It was also in 1902 and 1903 that Victorian employers made their most concerted efforts to prevent the renewal of wages clauses in the Factories and Shops Act, and succeeded in deleting therefrom the vital provision for limiting the number of apprentices employers could engage. This contention is based primarily on observation of employers' behaviour and union protests, but such inferential deduction may be supported by the Bulletin's report of the Victorian Employers' Federation election manifesto (October 11th, 1902) which opposed 'all forms of industrial legislation...' and adds

...in 1900 a compact was entered into by Parliament and the employers that the Factories Act should continue in full force and affect for two years from May 1st 1900...and no longer.¹

In New South Wales the same years were those when employers fought most energetically to destroy the Arbitration Court to which they had - by default at least - consented to in 1901.²

It is clear that throughout, employers resented the imposition of any measure which placed a restraint on the full exercise of their superior industrial strength, and that they modified their extreme position only when their particularistic interest so demanded. Such temporising however was cut short immediately their own interests were assured.

Liberal Protectionists

Liberal Protectionists formed a link between employers and the unions. It is appropriate to discuss this link because of the influence some of the leading figures had on employers' attitudes.

Whilst holding to the central tenets of a capitalist society, people such as Berry, Deakin, Peacock, Isaac, O'Sullivan, Mauger and Turner never

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Bulletin, 5 July 1902 also Matthews, pp.2 and 11.

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Matthews, op. cit., pp.2 and 10.

accepted the economic or political logic of laissez faire;¹ for fundamental to their philosophy was the assumption that the state should intervene actively both in matters of external trade and internal regulation of social affairs.

Of primary concern to Liberal Protectionists was the 'obvious' need to secure Australian industries against 'unfair' overseas competition. Unless cheap imports made by 'pauper' labour could be kept out, and exports placed on the world markets at competitive prices, regular employment at the Australian high wage standard was not possible. Protection, therefore, had pride of place. It was believed to lay the foundation of a healthy, diversified, non-dependent and growing economy within which well paid jobs for an increasing number of Australians would result mostly by the 'means of the "invisible" hand'.²

Yet the character of a developing industrial society caused acute social-welfare difficulties, especially among the less industrially competent, e.g. the sick, aged, and the young. And along with these

¹ Shaw, op. cit., p.203. The New Liberalism movement in England holding similar views on society's obligation to care for the casualties of industrialisation was developing at much the same time; see Asa Briggs, A Study of the Work of Seebohm Rowntree, 1871-1954, London 1961, pp.54-8.

² Cairns, op. cit., p.252.

were perplexing problems of interest difference between capital and labour. Just then, as the state should intervene to protect industry so it should protect the casualties of an industrial society and minimise group conflict.

Thus we find Deakin's 'interests and fundamental beliefs' leading him to

...one day...attending a meeting of the Anti-Sweating League, an organization formed to arouse the public conscience and force the legislature to take notice of the evil conditions in shops and factories. Another day we find him, in the Melbourne Town Hall, at a mass meeting called by the Protectionist Association, expounding the ethical side of the fiscal question, and declaring that Protection no less than factory legislation was an instrument of social justice and therefore an integral part of a true Liberal policy.¹

Whether Cairns is right in believing the labour movement to have been the dynamic element inducing Australian governments to legislative for old age pensions, compulsory industrial tribunals and other such policies,² or Murdoch's conviction that Deakin and his associates implemented their own programme of social-welfare legislation with the aid of Labour³ is

¹ A. Murdoch, Alfred Deakin: A Sketch, London 1923, p.178.

² Cairns, op. cit., pp.251-2.

³ Murdoch, op. cit., particularly p.251. B.E. Mansfield believed neither was the pacemaker; there was rather 'a coincidence of views and principles on pressing

(continued p.328)

nearer the truth, what is important here is that this group, because of its needs to achieve two major political ambitions was forced to serve two masters - Labour and Capital. And in so doing they became the instrument of sifting the essentials of competing demands. They introduced social innovations designed to reconcile major differences, to satisfy prime aims, and to construct friction removing institutions. They were concerned deeply with social engineering, and on a grand scale.

In effect Liberal Protectionists constituted the balancing element in Australian politics. Certainly from the early nineties they functioned not themselves as an alternative government having their own distinct political philosophy and supported by a possible majority of voters in Australia, but as the medium of reconciliation between the two most powerful political pressure groups whose ideas of how the machinery of state should be manipulated were of very different orders.

It is evident that a good many Liberal Protectionists themselves worked astutely for a particular and powerful interest group - the manufacturers - and succeeded impressively in ringing

3 (continued from p.327)
socio-economic matters', 'The State as Employer: An Early Twentieth Century Discussion', Aust. Journal of Pol. History, Vol. III, No. 2, May 1958, p.148. See also The Cambridge History of the British Empire (London 1933) Vol. VII, Part 1, p.505.

Australian secondary industry with an effective tariff wall. But to do this they were compelled to act as an arbiter between those who for various reasons pressed for state action to compensate for labour's industrial weakness and raise wages, and others opposed to interventionist measures - especially of the variety which might reduce their own industrial strength. Among the latter group were employers who preferred tariff protection without compulsory industrial conciliation and arbitration. And possibly this was the Liberal Protectionists most valuable act of interest reconciliation: to convince recalcitrants of the inseparability of the two sets of governmental measures, and the absurdity of expecting, or demanding the one without conceding the other.

It has been suggested in this chapter that changing economic conditions and responses thereto by important interest groups brought about the introduction of Australia's complex system of compulsory industrial tribunals. And that although during the 'inter-tariff' years employers worked to reverse the process, or strictly limit tribunals' effectiveness, they were not able to marshal enough support to completely remove these institutions. Moreover, from 1906 to 1908 they were again compelled to soften their hostility so as to enrol again labour's support for a revised tariff schedule.

Hence, in Victoria and New South Wales the Acts were retained, the machinery continued to function, the unions redoubled their efforts to defend the status quo or add further refinements, and over time those involved, and the public came to accept (or be resigned to) the conducting of industrial relations within this 'New Province of Law and Order'. After 1908 the tariff satisfactorily revised, employers may have been expected to renew pressures against the tribunals. But events had turned against them. The economy was entering its most prosperous phase since the eighties causing a partial redress of industrial power between themselves and the unions. Moreover, to ward off what they believed to be the greatest menace to their interests - Federal arbitration - they shifted ground to champion State instrumentalities thus facilitating the rapid spread of wages boards. In the political scene Labour Governments were soon to come to power in N.S.W. and the Commonwealth, making repeal of tribunals - so long as they suited the unions - highly unlikely.

It was within these developing institutions that the concept of a Living Wage was developed and eventually implemented. Although employers often pleaded their inability to increase wages for the unskilled, and predicted dire results if forced to do so, they rarely failed to acknowledge their moral duty to pay a Living Wage, even though there was little agreement about its monetary content.

Employers' broad approval of the concept, together with similar well-publicised undertakings accepted during campaigns to raise the tariff, fused with labour's commitment to and constant advocacy of the same wage-determining criteria, and the concurrence of Liberal Protectionists, the Anti-Sweating League and the nationalist movement to create a social environment in which the principle of a needs-based minimum wage became a social norm.

Thus while no important social group voiced objections to the principle, those groups most immediately engaged gave it their explicit support. Furthermore, as has been shown, the instrumentalities for its achievement had been provided by governments. Although some arbitrators were unwilling to immediately implement the full Living Wage principle as expressed by Higgins, and the area of control was not, for some time wide enough to reach all the unskilled, the new institutions were admirably suited for both refining and gradually consolidating the principle, and for bringing within their jurisdiction an increasing proportion of the lowest paid workers. In fact, the two streams of activity ran a parallel course during the first two decades of the century. One, the concept was gradually internalised by contemporary Australian society, and two, the institutional machinery gathered up all those to whom the principle applied.

By 1920-21 both had reached the final stage of maturity where the social welfare principle of a

national wage set according to the Harvester Standard
could be achieved clear across Australian society.